

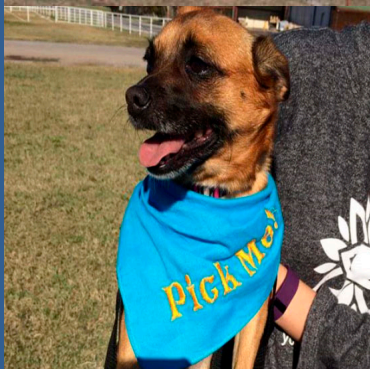


CITY OF LAWTON, OKLAHOMA

Annual Financial Statements And Independent Auditor's Reports



For Fiscal Year
Ended
June 30, 2015



Community Events

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

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Independent Auditor's Report

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawton, Oklahoma (the City), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lawton Metropolitan Area Airport Authority, the Lawton Arts and Humanities Council, the McMahan Auditorium Authority, the Museum of the Great Plains Trust Authority, and the Lawton Metropolitan Planning Organization, which represent 82% and 89% of assets and program revenues, respectively, of the discretely presented component units. We also did not audit the City Employee Retirement Trust Fund. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as they relate to the amounts included for discretely presented component units and the City Employee Retirement Trust Fund, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in *Note 2.F* to the financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The City early implemented GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinions are not modified with respect to this matter.

As discussed in *Note 2.F.*, the 2014 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension/other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and Members
of the City Council of the
City of Lawton, Oklahoma
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Oklahoma City, Oklahoma
November 22, 2016

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

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**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

Our discussion and analysis of the City of Lawton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2015, the City's total net position increased by \$15.0 million or 6.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$74.1 million and were funded by program revenues of \$14.7 million and further funded with taxes and other general revenues, including transfers in, that totaled \$77.6 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$14.3 million.
- Sales and use taxes increased by \$.6 million or 1.3% over the prior fiscal year.
- At June 30, 2015, the General Fund reported an unassigned fund balance of \$10.5 million.
- For budgetary reporting purposes, the General Fund reported revenues over estimates by \$5,304,084 or 10.3%, while expenditures were under final appropriations by \$4,339,813 or 8.1%. Transfers out of the General Fund exceeded the appropriated amount by \$8,011,781; the excess transfers were for capital improvements.
- The City and the Lawton Water Authority issued new debt totaling \$2,310,424, excluding judgments payable. The debt was issued to provide funding for capital improvements and for fire equipment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Lawton (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39 and 61. Included in this report are government-wide statements for each of three categories of activities – governmental, business-type and discretely-presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets), deferred outflows, liabilities (including all long-term debt) and deferred inflows.

About the City

The City of Lawton is an incorporated municipality with a population of approximately 96,800 located in southwestern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

- Legislative – the governing body includes an elected eight-member City Council and Mayor.
- Executive – the City Manager is the Chief Administrative Officer and is appointed by the City Council.
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council of the City of Lawton is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Lawton, five active blended component units and eight active discretely presented component units as follows.

Primary Government:

- **The City of Lawton** – incorporated municipality that operates the public safety, health and welfare, streets and highways, culture and recreation, and administrative activities as a home rule charter city.

Blended Component Units:

- **Lawton Water Authority** – public trust that operates the water, wastewater, and sanitation services of the City. The Trust is reported as an enterprise fund.
- **City Transit Trust** – public trust that operates and maintains public transportation systems and facilities. The Trust is reported as the Special Revenue Mass Transit Fund.
- **Lawton Urban Homestead Authority** – public trust created to purchase and maintain property, buildings and facilities to upgrade neighborhood areas in accordance with the Urban Homesteading Program of the City. The Authority is reported as the Special Revenue Lawton Urban Housing Fund.
- **Lawton Parking Authority (Presently Inactive)** – public trust created to operate and maintain public parking systems and facilities.
- **Lawton Industrial Development Authority** – public trust created to promote industrial development within the Lawton area. The Trust is reported as the Special Revenue LIDA Fund.

Discretely Presented Component Units:

- **Lawton Metropolitan Area Airport Authority** – public trust that operates to develop and maintain airport operations for the City.
- **Lawton Arts and Humanities Council** – public trust that operates to encourage and promote knowledge of the fine arts and humanities.
- **McMahon Auditorium Authority** – public trust created to operate and maintain the McMahon Auditorium, a public and municipal auditorium of the City.
- **Museum of the Great Plains Trust Authority** – public trust created to collect, preserve, and exhibit items relevant to cultural history of man in the Great Plains of North America.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

- **Lawton Economic Development Authority** – public trust created to promote economic development within the Lawton area.
- **Lawton Metropolitan Planning Organization** – public trust created to coordinate planning and development of transportation activities within the Lawton Metropolitan area.
- **Lawton Enhancement Trust Authority** – public trust created to beautify and aesthetically enhance the appearance of the City of Lawton.
- **Lawton Urban Renewal Authority** – public trust created to administer approved urban renewal projects within the City of Lawton.

All of the above discretely presented component units, except for the Lawton Economic Development Authority and the Lawton Enhancement Trust Authority, issue separate financial statement reports which may be obtained by contacting their respective offices.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information, pension information, and long-term debt service coverage.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows,

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

liabilities, and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and culture. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.
- **Discretely-presented component units** -- These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Lawton Metropolitan Area Airport Authority, Lawton Arts and Humanities Council, McMahon Auditorium Authority, Museum of the Great Plains Trust Authority, Lawton Economic Development Authority, Lawton Enhancement Trust Authority, Lawton Urban Renewal Authority, and Lawton Metropolitan Planning Organization.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or others parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$236.4 million at the close of the most recent fiscal year.

**TABLE 1
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	Restated, 2014		2015	Restated, 2014		2015	Restated, 2014	
Current assets	\$ 76,794	\$ 64,269	19%	\$ 24,433	\$ 67,953	-64%	\$ 101,227	\$ 132,222	-23%
Capital assets, net	99,311	95,980	3%	213,782	210,392	2%	313,093	306,372	2%
Other non-current assets	-	-	-	260	-	100%	260	-	100%
Total assets	<u>176,105</u>	<u>160,249</u>	10%	<u>238,475</u>	<u>278,345</u>	-14%	<u>414,580</u>	<u>438,594</u>	-5%
Deferred outflows	<u>4,837</u>	<u>3,769</u>	28%	<u>805</u>	<u>637</u>	26%	<u>5,642</u>	<u>4,406</u>	28%
Current liabilities	12,320	11,343	9%	9,595	39,869	-76%	21,915	51,212	-57%
Non-current liabilities	72,620	85,081	-15%	78,381	85,267	-8%	151,001	170,348	-11%
Total liabilities	<u>84,940</u>	<u>96,424</u>	-12%	<u>87,976</u>	<u>125,136</u>	-30%	<u>172,916</u>	<u>221,560</u>	-22%
Deferred inflows	<u>10,298</u>	<u>-</u>	100%	<u>617</u>	<u>-</u>	100%	<u>10,915</u>	<u>-</u>	100%
Net position									
Net investment capital assets	80,898	76,291	6%	155,122	134,880	15%	236,020	211,171	12%
Restricted	26,625	37,925	-30%	4,372	29,337	-85%	30,997	67,262	-54%
Unrestricted (deficit)	(21,819)	(46,622)	-53%	(8,806)	(10,372)	-15%	(30,625)	(56,994)	-46%
Total net position	<u>\$ 85,704</u>	<u>\$ 67,594</u>	27%	<u>\$ 150,688</u>	<u>\$ 153,845</u>	-2%	<u>\$ 236,392</u>	<u>\$ 221,439</u>	7%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2015, this net investment in capital assets amounted to \$236.0 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$31.0 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(31.7 million), if positive, may be used to meet the government's ongoing obligations to citizens and creditors. However, this amount is currently reported as an unrestricted net position deficit.

Explanations of significant changes displayed in Table 1 are as follows:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

Governmental Activities:

Deferred outflow – Increase of \$1.1 million (28%) an increase in deferred pension outflows related to subsequent year contributions.

Unrestricted Net Position (Deficit) – Decrease in the size of the deficit in an amount of \$23.8 million (51%) due to an increase in excess unrestricted net position caused by overall revenues and net transfers exceeding overall expenses.

Business-Type Activities:

Current and other assets – Decrease of \$43.5 million (64%) due to the use of restricted cash and investments for construction projects and for the pay-off of long term.

Current liabilities – Decrease of \$30.3 million (76%) due to the repayment of debt.

Restricted net position – Decrease of \$25.0 million (85%) due to the use of restricted debt service funds for the repayment of debt.

Changes in Net Position

For the year ended June 30, 2015, net position of the primary government changed as follows:

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

**TABLE 2
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	Restated, 2014		2015	Restated, 2014		2015	Restated, 2014	
	Revenues								
Charges for service	\$ 6,668	\$ 6,872	-3%	\$ 43,468	\$ 43,917	-1%	\$ 50,136	\$ 50,789	-1%
Operating grants and contributions	7,389	5,047	46%	-	-	-	7,389	5,047	46%
Capital grants and contributions	612	3,845	-84%	365	246	48%	977	4,091	-76%
General revenues:									
Sales and use taxes	48,081	47,455	1%	-	-	-	48,081	47,455	1%
Other taxes and intergovernmental revenue	9,957	10,898	-9%	-	-	-	9,957	10,898	-9%
Investment income	292	144	103%	113	-	100%	405	144	181%
Miscellaneous	1,500	3,705	-60%	172	248	-31%	1,672	3,953	-58%
Total revenues	74,499	77,966	-4%	44,118	44,411	-1%	118,617	122,377	-3%
Expenses									
General government	15,092	12,861	17%	-	-	-	15,092	12,861	17%
Public safety	32,813	30,874	6%	-	-	-	32,813	30,874	6%
Streets	8,747	8,933	-2%	-	-	-	8,747	8,933	-2%
Education	4,580	5,452	-16%	-	-	-	4,580	5,452	-16%
Transportation	2,631	2,737	-4%	-	-	-	2,631	2,737	-4%
Culture and recreation	8,107	7,503	8%	-	-	-	8,107	7,503	8%
Community/economic development	841	830	-	-	-	-	841	830	-
Interest	1,314	895	47%	-	-	-	1,314	895	47%
Water	-	-	-	14,586	17,541	-17%	14,586	17,541	-17%
Wastewater	-	-	-	8,707	7,974	9%	8,707	7,974	9%
Sanitation	-	-	-	6,246	4,445	41%	6,246	4,445	41%
Total expenses	74,125	70,085	6%	29,539	29,960	-1%	103,664	100,045	-4%
Excess (deficiency) before transfers	374	7,881	-95%	14,579	14,451	1%	14,953	22,332	-33%
Transfers	17,736	(24,977)	171%	(17,736)	24,977	-171%	-	-	-
Change in net position	18,110	(17,096)	206%	(3,157)	39,428	-108%	14,953	22,332	-33%

Explanations of significant changes in excess of \$1 million and 20% displayed in Table 2 are as follows:

Governmental Activities:

Operating grants and contributions – Increase of \$2.3 million (46%) due to an increase in state on-behalf payments.

Capital grants and contributions – Decrease of \$3.2 million (84%) due to the completion of capital grants and less grant revenue.

Other general revenues – Decrease of \$2.2 million (103%) due to the sale of land in the prior year.

Transfers – Net increase of \$42.7 million (171%) due to an decrease in the transfer to the Water Authority for debt service payments.

Business-Type Activities:

Transfers – Net decrease of \$42.7 million (171%). See above for explanation.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

**TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)**

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	Restated,			Restated,		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
General government	\$ 15,092	\$ 12,861	17%	(\$10,157)	\$ (6,938)	46%
Public safety	32,813	30,874	6%	(28,404)	(28,346)	0%
Streets	8,747	8,933	-2%	(7,026)	(4,286)	64%
Education	4,580	5,452	-16%	(4,580)	(7,061)	-35%
Transportation	2,631	2,737	-4%	(872)	(830)	5%
Community/economic development	841	830	1%	147	(5,452)	-103%
Culture, parks and recreation	8,107	7,503	8%	(7,249)	(513)	1313%
Interest on long-term debt	1,313	895	47%	(1,314)	(895)	47%
Total	<u>\$ 74,124</u>	<u>\$ 70,085</u>	6%	<u>(\$59,455)</u>	<u>\$ (54,321)</u>	9%

For the year ended June 30, 2015 total expenses for governmental activities amounted to \$74.1 million which was an increase from the prior year of 6%. See Table 2 above for explanations of changes in excess of \$1 million and 20%.

Business-type Activities

**TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)**

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	Restated,			Restated,		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Water	\$ 14,586	\$ 17,541	-17%	\$ 9,960	\$ 5,244	90%
Wastewater	8,707	7,974	9%	775	3,962	-80%
Sanitation	6,246	4,445	41%	3,558	3,445	3%
Total	<u>\$ 29,539</u>	<u>\$ 29,960</u>	-1%	<u>\$ 14,293</u>	<u>\$ 12,651</u>	13%

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

The City's business-type activities include utility services for water, wastewater, and sanitation.

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues, before transfers, of \$14.3 million for the year ended June 30, 2015.
- All individual activities/services reported net revenue for the year ended June 30, 2015.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$69.5 million or a 20.4% increase from 2014. The enterprise funds reported combined net position of \$151 million or a 2.1% decrease from 2014.

Other fund highlights include:

- For the year ended June 30, 2015, the General Fund's total fund balance increased by \$416,313 or 3.1%.
- The 2012 CIP Fund's total fund balance increased by \$5.8 million or 31.1% due to an increase in sales tax transfers in.

General Fund Budgetary Highlights

- For budgetary reporting purposes, the General Fund reported revenues over estimates by \$5,304,084 or 10.3%, while expenditures were under final appropriations by \$4,339,813 or 8.1%. Transfers out the General Fund exceeded the appropriated amount by \$8,011,781; the excess transfers were for capital improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had \$313.1 million invested in capital assets including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This represents a net increase of \$6.7 million or 2.2 % over last year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities		2015	2014
	2015	2014	2015	2014		
Land	\$ 3,764	\$ 3,764	\$ 1,632	\$ 1,513	5,396	\$ 5,277
Buildings and utility infrastructure	16,013	15,925	145,819	148,228	161,832	164,153
Machinery, furniture and equipment	45,598	46,078	6,533	5,900	52,131	51,978
Infrastructure	8,325	8,020	30,350	-	38,675	8,020
Water rights	-	-	-	30,741	-	30,741
Construction in progress	25,610	22,193	29,448	24,009	55,058	46,202
Totals	\$ 99,310	\$ 95,980	\$ 213,782	\$ 210,391	\$ 313,092	\$ 306,371

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

This year's more significant capital asset additions included:

Animal welfare building	\$737,216
112 th Street Project – Goodyear access road	\$1,301,952
NW 82 nd Street Sewerline	\$1,185,623
Flowermound sewerline	\$869,432
Sewerline – South Wolf Creek	\$2,08,031

See Note 2.C. to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$102.2 million in long-term debt outstanding which represents a \$37.1 million or 26.6% decrease from the prior year. The decrease is due to the city retiring \$29.1 million related to the Brac loan and OWRB, and issuing \$2.3 million of new debt. The City's changes in long-term debt by type of debt are as follows:

**TABLE 6
Long-Term Debt
(In Thousands)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accrued compensated absences	\$ 5,634	\$ 5,664	\$ 792	\$ 812	\$ 6,426	\$ 6,476
General obligation bonds	13,430	15,955	-	-	13,430	15,955
General obligation bonds premium	146	221	-	-	146	221
Deferred amount on refunds	(29)	(59)	-	-	(29)	(59)
Worker's Compensation liability	1,387	2,160	887	1,333	2,274	3,493
Judgment payable	1,774	2,248	-	-	1,774	2,248
Revenue Bonds payable	621	415	28,179	32,690	28,800	33,105
Notes payable	1,544	1,616	13,818	42,892	15,362	44,508
Contracts payable	-	-	27,495	28,653	27,495	28,653
Capital lease obligations	1,353	-	-	-	1,353	-
Landfill Closure and Post-Closure	-	-	5,194	4,760	5,194	4,760
Totals	\$ 25,860	\$ 28,220	\$ 76,365	\$ 111,140	\$ 102,225	\$ 139,360

See Note 2.E. to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year FY 2015-2016

The City of Lawton has been very proactive in positioning the community for future success. The City is very aware of local economic issues, as well as the federal and state economic and budget issues. The City continues to adapt to the current economic climate and ensure that the citizens of Lawton receive the best possible service. The Regional Growth Management Plan adopted in 2008 had numerous recommendations regarding roadways, utilities, and public safety. Some of these projects have been completed and more are underway.

**CITY OF LAWTON, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2015**

Because Lawton is an expanding municipality, the Council will always be challenged to grow revenues. The City has not seen consistent growth in its revenues over the past three years. Water rates are currently stable; however, the City may need to seek modest increases in its rate structure for the services it provides to citizens. In August 2015, the Citizens of Lawton passed an eleven year one hundred million dollar Sales Tax Extension to continue its roadway, utility, and public safety projects.

The remaining challenge for the City of Lawton will be to continually monitor its Employee Health Insurance Plan and Retirement Plan to meet their funding needs without placing undue burden or financial hardship upon the employees' families or the current group of retirees.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact:

Finance Director
City of Lawton
102 S.W. 5th Street
Lawton, Oklahoma 73501

Telephone at 580-581-3305

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Statement of Net Position– June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 35,344,991	\$ 6,479,345	\$ 41,824,336	\$ 2,209,944
Cash and cash equivalents, restricted	-	18,530,248	18,530,248	140,960
Investments	21,878,968	250,147	22,129,115	827,929
Investments, restricted	-	153,836	153,836	-
Interest receivable	14,419	34	14,453	-
Accounts receivable, net	1,186,698	5,292,673	6,479,371	1,983,655
Inventory	404,673	-	404,673	52,617
Land held for resale	-	-	-	2,690,928
Taxes receivable	10,167,778	-	10,167,778	842,037
Advance to component unit	414,322	-	414,322	-
Internal balances	6,273,148	(6,273,148)	-	-
Prepaid items	-	-	-	330,016
Cash and cash equivalents, restricted	-	260,005	260,005	354,195
Net pension asset	1,109,030	-	1,109,030	12,858
Capital assets:				
Land and construction in progress	29,374,396	31,080,598	60,454,994	4,555,183
Other capital assets, net of depreciation	69,936,624	182,701,541	252,638,165	17,186,339
Total Assets	176,105,047	238,475,279	414,580,326	31,186,661
DEFERRED OUTFLOWS:				
Deferred amount related to pensions	4,807,370	805,164	5,612,534	-
Deferred amount on refunding	29,447	-	29,447	-
Total deferred outflows	4,836,817	805,164	5,641,981	-
LIABILITIES				
Accounts payable and accrued liabilities	6,143,585	970,508	7,114,093	1,161,212
Due to other governments	-	-	-	102,266
Accrued interest payable	96,724	682,168	778,892	415,865
Unearned revenue	-	-	-	53,344
Advance from primary government	-	-	-	414,322
Long-term liabilities:				
Due within one year	6,079,961	7,942,227	14,022,188	292,949
Due in more than one year	72,620,148	78,380,887	151,001,035	29,851,806
Total liabilities	84,940,418	87,975,790	172,916,208	32,291,764
DEFERRED INFLOWS:				
Deferred amounts related to pensions	10,297,940	616,727	10,914,667	-
Total deferred inflows	10,297,940	616,727	10,914,667	-
NET POSITION:				
Net investment in capital assets	80,898,344	155,121,788	236,020,132	21,693,197
Net Position:				
Restricted	26,625,143	4,372,138	30,997,281	1,159,703
Unrestricted (deficit)	(21,819,981)	(8,806,000)	(30,625,981)	(23,958,003)
Total net position	\$ 85,703,506	\$ 150,687,926	\$ 236,391,432	\$ (1,105,103)

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Statement of Activities –Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 15,092,342	\$ 4,829,435	\$ 79,749	\$ 26,000	\$ (10,157,158)	\$ -	\$ (10,157,158)	\$ -
Public Safety	32,813,227	764,875	3,559,263	84,909	(28,404,180)	-	(28,404,180)	-
Streets	8,747,328	41,060	1,248,703	430,371	(7,027,194)	-	(7,027,194)	-
Culture and recreation	8,107,050	430,430	357,697	70,197	(7,248,726)	-	(7,248,726)	-
Community development	840,734	190,188	797,489	-	146,943	-	146,943	-
Education	4,579,832	-	-	-	(4,579,832)	-	(4,579,832)	-
Transportation	2,630,720	412,211	1,346,241	-	(872,268)	-	(872,268)	-
Interest on long-term debt	1,313,551	-	-	-	(1,313,551)	-	(1,313,551)	-
Total governmental activities	74,124,784	6,668,199	7,389,142	611,477	(59,455,966)	-	(59,455,966)	-
Business-type activities:								
Water	14,586,403	24,207,731	-	338,949	-	9,960,277	9,960,277	-
Wastewater	8,707,318	9,455,899	-	26,454	-	775,035	775,035	-
Sanitation	6,245,724	9,803,241	-	-	-	3,557,517	3,557,517	-
Total business-type activities	29,539,445	43,466,871	-	365,403	-	14,292,829	14,292,829	-
Total primary government	103,664,229	50,135,070	7,389,142	976,880	(59,455,966)	14,292,829	(45,163,137)	-
Component Units:								
Airport	2,890,718	1,111,848	677,133	1,723,386	-	-	-	621,649
Culture and Recreation	1,082,578	427,391	925,092	1,875,514	-	-	-	2,145,419
Economic Development	2,253,708	-	677,891	-	-	-	-	(1,575,817)
Transportation	319,160	-	327,611	-	-	-	-	8,451
Total component units	6,546,164	1,539,239	2,607,727	3,598,900	-	-	-	1,199,702
General revenues:								
Taxes:								
Sales and use taxes					48,081,305	-	48,081,305	394,253
Property tax					4,144,751	-	4,144,751	433,803
Franchise and public service taxes					2,517,438	-	2,517,438	-
Hotel/motel taxes					1,277,648	-	1,277,648	108,625
Intergovernmental revenue not restricted to specific programs					2,016,606	-	2,016,606	-
Investment income					292,422	112,930	405,352	-
Miscellaneous					1,499,855	172,488	1,672,343	6,591
Transfers - internal activity					17,735,736	(17,735,736)	-	-
Total general revenues and transfers					77,565,761	(17,450,318)	60,115,443	943,272
Change in net position					18,109,795	(3,157,489)	14,952,306	2,142,974
Net position - beginning, restated					67,593,711	153,845,415	221,439,126	(3,248,077)
Net position - ending					\$ 85,703,506	\$ 150,687,926	\$ 236,391,432	\$ (1,105,103)

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Governmental Funds Balance Sheet - June 30, 2015

	<u>General Fund</u>	<u>2012 CIP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,488,049	\$ 2,633,977	\$ 27,056,777	\$ 35,178,803
Investments	735,286	17,747,905	3,395,777	21,878,968
Receivables:				
Accounts receivable	392,688	-	397,327	790,015
Accrued interest receivable	7,995	3,915	2,509	14,419
Advance to component unit	-	-	414,322	414,322
Due from other funds	131,010	5,476,387	796,761	6,404,158
Due from other governments	8,768,230	902,500	497,048	10,167,778
Inventory	404,673	-	-	404,673
Total assets	<u>\$ 15,927,931</u>	<u>\$ 26,764,684</u>	<u>\$ 32,560,521</u>	<u>\$ 75,253,136</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,795,529	\$ 1,293,563	\$ 1,524,265	\$ 4,613,357
Due to other funds	-	-	130,940	130,940
Total liabilities	<u>1,795,529</u>	<u>1,293,563</u>	<u>1,655,205</u>	<u>4,744,297</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>100,777</u>	<u>902,500</u>	<u>-</u>	<u>1,003,277</u>
Fund balances:				
Nonspendable	404,673	-	-	404,673
Restricted	-	24,568,621	26,595,044	51,163,665
Committed	1,319,683	-	39,344	1,359,027
Assigned	1,821,633	-	4,270,928	6,092,561
Unassigned	10,485,636	-	-	10,485,636
Total fund balances	<u>14,031,625</u>	<u>24,568,621</u>	<u>30,905,316</u>	<u>69,505,562</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,927,931</u>	<u>\$ 26,764,684</u>	<u>\$ 32,560,521</u>	<u>\$ 75,253,136</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2015

	<u>General Fund</u>	<u>2012 CIP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 47,394,486	\$ -	\$ 9,168,898	\$ 56,563,384
Intergovernmental	5,051,268	-	4,309,691	9,360,959
Charges for services	414,689	-	1,469,508	1,884,197
Fines and forfeitures	2,263,748	-	1,021,952	3,285,700
Licenses and permits	1,011,911	-	-	1,011,911
Investment income	85,075	101,926	61,575	248,576
Miscellaneous	974,448	98,280	1,050,320	2,123,048
Total revenues	<u>57,195,625</u>	<u>200,206</u>	<u>17,081,944</u>	<u>74,477,775</u>
EXPENDITURES				
Current:				
General government	7,606,348	-	2,353,160	9,959,508
Public Safety	31,842,419	-	2,126,350	33,968,769
Public works and streets	7,769,010	-	645,298	8,414,308
Education	-	-	4,579,832	4,579,832
Culture and recreation	6,093,475	-	1,179,880	7,273,355
Community development	-	-	783,778	783,778
Transportation	-	-	2,630,720	2,630,720
Capital Outlay	557,807	5,433,333	11,226,425	17,217,565
Debt Service:				
Principal	-	-	3,783,511	3,783,511
Interest and fiscal charges	-	-	720,499	720,499
Total expenditures	<u>53,869,059</u>	<u>5,433,333</u>	<u>30,029,453</u>	<u>89,331,845</u>
Excess (deficiency) of revenues over expenditures	<u>3,326,566</u>	<u>(5,233,127)</u>	<u>(12,947,509)</u>	<u>(14,854,070)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,634,683	1,634,683
Transfers in	21,403,723	22,982,131	20,582,657	64,968,511
Transfers out	<u>(24,313,976)</u>	<u>(11,925,732)</u>	<u>(3,711,596)</u>	<u>(39,951,304)</u>
Total other financing sources (uses)	<u>(2,910,253)</u>	<u>11,056,399</u>	<u>18,505,744</u>	<u>26,651,890</u>
Net change in fund balances	416,313	5,823,272	5,558,235	11,797,820
Fund balances - beginning	13,615,312	18,745,349	25,347,081	57,707,742
Fund balances - ending	<u>\$ 14,031,625</u>	<u>\$ 24,568,621</u>	<u>\$ 30,905,316</u>	<u>\$ 69,505,562</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	69,505,562
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, net of accumulated depreciation of \$80,874,853, and net of Internal Service Fund capital assets of \$128,512</p>		
		99,182,508
<p>Certain other long-term assets are not available to pay current period expenditures and therefore they, along with deferred outflows, are not reported in this fund financial statement:</p>		
Unavailable revenue		1,003,277
Mortgages receivable		396,683
Net pension asset		1,109,030
Pension related deferred outflows		4,807,370
<p>Some liabilities are not due and payable in the current period and, along with deferred inflows, and deferred amount on refunding are not included in the fund financial statement:</p>		
Capital lease obligations		(1,352,925)
General obligations bonds		(13,430,000)
Accrued interest payable		(96,724)
Unamortized bond premium		(146,309)
Notes payable		(1,544,000)
Judgments payable		(1,773,766)
Revenue notes payable		(620,927)
Deferred amount on refunding		29,447
Other post employment benefit obligation		(3,767,461)
Accrued compensated absences		(5,428,643)
Net pension liability		(49,043,292)
Pension related deferred inflows		(10,297,940)
Accrued workers compensation claims		(1,387,137)
<p>Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position:</p>		
Internal service fund net position (deficit)		(1,441,247)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>85,703,506</u>

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	11,797,820
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		8,448,773
Capital assets donated		547,652
Depreciation expense		(5,674,426)
Disposed capital assets		(23,051)
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.		
		2,107,706
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue		100,777
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Incurrence of judgments rendered against the City		(636,501)
Judgment payments		1,110,684
Debt proceeds		(1,634,683)
General obligation bonds principal payments		2,525,000
Revenue note principal payments		75,829
Note payable principal payments		72,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Change in accrued interest payable		39,656
Change in accrued compensated absences		(11,460)
Change in other post employment benefits		(659,531)
Amortization of bond premium		74,684
Amortization of deferred amount on refunding		(29,447)
Change in accrued workers comp claim		773,326
Change in mortgages receivable		(14,245)
Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:		
Total change in net position for internal service funds		(880,768)
Change in net position of governmental activities	\$	18,109,795

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Proprietary Funds Statement of Net Position - June 30, 2015

	<u>Lawton Water Authority - Enterprise Fund</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,479,345	\$ 166,165
Investments	250,147	-
Cash and cash equivalents, restricted	18,530,248	-
Investments, restricted	153,836	-
Accounts receivable, net of allowance \$1,949,503	5,292,673	-
Interest receivable	34	-
Total current assets	30,706,283	166,165
Non-current assets:		
Cash and cash equivalents, restricted	260,005	-
Land and construction in progress	31,080,598	33,615
Other capital assets, net	182,701,541	94,897
Total non-current assets	214,042,144	128,512
Total assets	244,748,427	294,677
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts related to pensions	805,164	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	970,508	173,850
Accrued interest payable	682,168	-
Due to other funds	6,273,148	70
Accrued compensated absences	94,614	24,575
Landfill post closure liability	473,642	-
Contract payable - Waruika note	1,142,720	-
Worker's compensation liability	443,430	-
Notes payable	1,093,579	-
Revenue bonds payable	4,694,242	-
Total current liabilities	15,868,051	198,495
Non-current liabilities:		
Accrued compensated absences	697,128	181,074
Landfill post closure liability	4,719,941	-
Claims liability	-	1,356,355
Contract payable - Waurika note	26,351,884	-
Worker's compensation liability	443,429	-
OPEB obligation	1,261,200	-
Notes payable	12,724,321	-
Revenue bond payable, net	23,485,000	-
Net pension liability	8,697,984	-
Total non-current liabilities	78,380,887	1,537,429
Total liabilities	94,248,938	1,735,924
DEFERRED INFLOW OF RESOURCES		
Deferred amounts related to pensions	616,727	-
NET POSITION		
Net investment in capital assets	155,121,788	128,512
Restricted for debt service	4,218,302	-
Restricted for landfill financial assurance	153,836	-
Unrestricted (deficit)	(8,806,000)	(1,569,759)
Total net position	\$ 150,687,926	\$ (1,441,247)

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2015

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
REVENUES		
Charges for services	\$ 43,466,871	\$ 8,850,123
Other sources	166,946	-
Total operating revenues	43,633,817	8,850,123
OPERATING EXPENSES		
General government and claims	-	8,465,648
Public works operations	17,255,932	-
Computer service operations	-	1,221,534
Depreciation expense	9,164,218	45,492
Landfill closure expense	433,750	-
Total operating expenses	26,853,900	9,732,674
Operating income (loss)	16,779,917	(882,551)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	112,930	1,783
Interest expense and fiscal charges	(2,812,019)	-
Bond issuance cost	(39,242)	-
Gain on asset retirement	165,716	-
Other non-operating revenue	5,542	-
Total non-operating revenue (expenses)	(2,567,073)	1,783
Income (loss) before contributions and transfers	14,212,844	(880,768)
Capital asset transfers in and contributions	7,646,874	-
Transfers in	10,348,409	-
Transfers out	(35,365,616)	-
Change in net position	(3,157,489)	(880,768)
Total net position - beginning, restated	153,845,415	(560,479)
Total net position - ending	\$ 150,687,926	\$ (1,441,247)

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2015

	Lawton Water Authority - Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 43,874,147	\$ 8,850,123
Payments to suppliers	(9,496,654)	(235,712)
Payments to employees	(7,836,978)	(1,018,489)
Receipts from (payments on) interfund loan	4,503,162	(27,718)
Claims and benefits paid	-	(7,848,210)
Net cash provided by (used in) operating activities	31,043,677	(280,006)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	10,348,409	-
Transfers to other funds	(35,365,616)	-
Interaccount transfers from other funds	43,406,996	-
Interaccount transfers to other funds	(47,160,708)	-
Net cash provided by (used in) noncapital financing activities	(28,770,919)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(990,716)	(77,585)
Principal paid on debt	(34,782,895)	-
Interest and fiscal charges paid on debt	(3,363,556)	-
Proceeds from debt	39,242	-
Issuance cost paid	(39,242)	-
Net cash provided by (used in) capital and related financing activities	(39,137,167)	(77,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments, net	23,246,391	-
Interest and dividends	112,974	1,783
Net cash provided by (used in) investing activities	23,359,365	1,783
Net increase (decrease) in cash and cash equivalents	(13,505,044)	(355,808)
Balances - beginning of year	38,774,642	521,973
Balances - end of year	\$ 25,269,598	\$ 166,165
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 6,479,345	\$ 166,165
Restricted cash and cash equivalents - current	18,530,248	-
Restricted cash and cash equivalents - noncurrent	260,005	-
Total cash and cash equivalents, end of year	\$ 25,269,598	\$ 166,165
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 16,779,917	\$ (882,551)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	9,164,218	45,492
Other miscellaneous revenue	7,713	-
Change in assets and liabilities:		
Receivables, net	234,788	-
Due from other funds	323	-
Deferred outflows related to pension	(805,164)	-
Accounts payable	(47,281)	139,176
Due to other funds	4,502,839	(27,718)
Due to employees	41,608	-
Claims liability	(446,056)	486,981
Landfill closure liability	433,750	-
Net OPEB obligation	212,205	-
Net pension liability	368,085	-
Accrued compensated absences	(19,995)	(41,386)
Deferred inflows related to pension	616,727	-
Net cash provided by (used in) operating activities	\$ 31,043,677	\$ (280,006)
Noncash activities:		
Capital asset trade value	\$ 182,000	\$ -
Non-cash capital contributions received	4,153,316	-
	\$ 4,335,316	\$ -

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
June 30, 2015

Fiduciary Funds Statement of Fiduciary Net Position - June 30, 2015

	City Employees Retirement Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 497,199	\$ 138,975
Investments, at book value	1,747,309	2,040,690
Investments, at market value:		
United States government securities and agencies	2,384,954	-
Common stock	16,921,074	-
Mutual funds	29,450,608	-
Interest receivable	53,137	977
Employer contributions receivable	48,544	-
Employee contributions receivable	36,897	-
Total assets	\$ 51,139,722	\$ 2,180,642
 LIABILITIES		
Due to depositors	\$ -	\$ 2,096,915
Other payables	173,806	83,727
Total liabilities	\$ 173,806	\$ 2,180,642
 NET POSITION:		
Net position restricted for pensions	\$ 50,965,916	

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Pension Trust Fund Statement of Changes in Fiduciary Net Position – Year Ended June 30, 2015

	City Employees Retirement Trust Fund
ADDITIONS	
Contributions:	
Members	\$ 1,279,749
Employer	2,021,594
Total Contributions	3,301,343
Investment Income:	
Net increase (decrease) in fair value of investment	(1,709,878)
Interest, dividends and other	2,852,989
Total Investment Income	1,143,111
Less investment expense:	
Investment activity expense	(289,732)
Net Investment Income	853,379
Total Additions	4,154,722
DEDUCTIONS	
Benefits paid to participants or beneficiaries	4,004,605
Refunds and transfers to other systems	729,220
Administrative expense	25,012
Total Deductions	4,758,837
Change in net position restricted for employees' pension benefits	(604,115)
Net position - beginning	51,570,031
Net position - ending	\$ 50,965,916

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

COMBINING FINANCIAL STATEMENTS - COMPONENT UNITS

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Component Units – Combining Statement of Net Position - June 30, 2015

	LAWTON METROPOLITAN AREA AIRPORT AUTHORITY	LAWTON ARTS AND HUMANITIES COUNCIL	MCMAHON AUDITORIUM AUTHORITY	MUSEUM OF THE GREAT PLAINS TRUST AUTHORITY	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	LAWTON URBAN RENEWAL AUTHORITY	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
ASSETS									
Current Assets:									
Cash, including time deposits	\$ 297,644	\$ 95,711	\$ 80,078	\$ 717,395	\$ 150,838	\$ 726,844	\$ 95,647	\$ 45,787	\$ 2,209,944
Restricted cash	-	-	-	-	-	140,960	-	-	140,960
Investments	-	-	-	827,929	-	-	-	-	827,929
Accounts receivable	57,496	-	5,820	911,435	44,425	865,827	-	98,652	1,983,655
Inventory	19,570	-	-	33,047	-	-	-	-	52,617
Land held for resale	-	-	-	-	-	2,690,928	-	-	2,690,928
Due from other governments	136,006	-	-	-	-	137,373	-	-	273,379
Prepaid items	7,434	260	-	-	-	-	-	-	7,694
Other assets	-	-	-	12,858	-	-	-	-	12,858
Total current assets	518,150	95,971	85,898	2,502,664	195,263	4,561,932	95,647	144,439	8,199,964
Noncurrent Assets:									
Cash, including time deposits	354,195	-	-	-	-	-	-	-	354,195
Due from other governments	-	-	-	-	-	-	568,658	-	568,658
Prepaid land lease	322,322	-	-	-	-	-	-	-	322,322
Capital Assets:									
Land and construction in progress	1,939,376	-	-	2,306,611	-	-	309,196	-	4,555,183
Depreciable, net of accumulated depreciation	15,705,713	-	88,853	1,384,118	-	-	-	7,655	17,186,339
Total noncurrent assets	18,321,606	-	88,853	3,690,729	-	-	877,854	7,655	22,986,697
Total Assets	18,839,756	95,971	174,751	6,193,393	195,263	4,561,932	973,501	152,094	31,186,661
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	140,741	375	3,409	929,094	1,718	19,558	208	66,109	1,161,212
Unearned revenue	-	8,220	2,624	-	-	42,500	-	-	53,344
Interest payable	-	-	-	-	-	415,865	-	-	415,865
Due to other governments	-	-	-	-	-	-	102,266	-	102,266
Notes payable	17,949	-	-	-	-	275,000	-	-	292,949
Total current liabilities	158,690	8,595	6,033	929,094	1,718	752,923	102,474	66,109	2,025,636
Noncurrent Liabilities:									
Accrued compensated absences	9,658	-	-	26,061	-	-	-	-	35,719
Due to primary government	-	-	-	-	-	414,322	-	-	414,322
Due to other governments	-	-	-	-	-	568,658	-	-	568,658
Notes payable	30,375	-	-	-	-	29,217,054	-	-	29,247,429
Total noncurrent liabilities	40,033	-	-	26,061	-	30,200,034	-	-	30,266,128
Total Liabilities	198,723	8,595	6,033	955,155	1,718	30,952,957	102,474	66,109	32,291,764
NET POSITION									
Net investment in capital assets	17,596,764	-	88,853	3,690,729	-	-	309,196	7,655	21,693,197
Restricted for construction projects	392,113	-	-	-	-	-	-	-	392,113
Restricted for grant projects	-	-	-	767,590	-	-	-	-	767,590
Unrestricted (deficit)	652,156	87,376	79,865	779,919	193,545	(26,391,025)	561,831	78,330	(23,958,003)
Total Net Position	\$ 18,641,033	\$ 87,376	\$ 168,718	\$ 5,238,238	\$ 193,545	\$ (26,391,025)	\$ 871,027	\$ 85,985	\$ (1,105,103)

See accompanying notes to the basic financial statements.

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Component Units - Combining Statement of Activities - Year Ended June 30, 2015

	LAWTON METROPOLITAN AREA AIRPORT AUTHORITY	LAWTON ARTS AND HUMANITIES COUNCIL	MCMAHON AUDITORIUM AUTHORITY	MUSEUM OF THE GREAT PLAINS TRUST AUTHORITY	LAWTON ENHANCEMENT TRUST AUTHORITY	LAWTON ECONOMIC DEVELOPMENT AUTHORITY	LAWTON URBAN RENEWAL AUTHORITY	LAWTON METROPOLITAN PLANNING ORGANIZATION	TOTALS
Expenses:									
Airport	\$ 2,888,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,888,870
Culture and recreation	-	123,694	77,094	725,701	116,108	-	-	-	1,042,597
Economic development	-	-	-	-	-	942,982	39,981	-	982,963
Transportation	-	-	-	-	-	-	-	319,160	319,160
Interest expense	1,848	-	-	-	-	1,310,726	-	-	1,312,574
Total expenses	2,890,718	123,694	77,094	725,701	116,108	2,253,708	39,981	319,160	6,546,164
Program Revenues:									
Charges for services	1,111,848	61,546	91,292	91,706	162,847	-	20,000	-	1,539,239
Operating grants and contributions	677,133	44,541	-	872,163	8,388	677,891	-	327,611	2,607,727
Capital grants and contributions	1,723,386	23,050	-	1,852,464	-	-	-	-	3,598,900
Total program revenues	3,512,367	129,137	91,292	2,816,333	171,235	677,891	20,000	327,611	7,745,866
Net revenue (expense)	621,649	5,443	14,198	2,090,632	55,127	(1,575,817)	(19,981)	8,451	1,199,702
General Revenues (Expense):									
Investment income	381	-	133	4,939	128	895	52	63	6,591
Property taxes	-	-	-	-	-	433,803	-	-	433,803
Hotel taxes	-	-	-	-	-	108,625	-	-	108,625
Sales and use taxes	-	-	-	-	-	394,253	-	-	394,253
Total general revenues	381	-	133	4,939	128	937,576	52	63	943,272
Change in Net Position	622,030	5,443	14,331	2,095,571	55,255	(638,241)	(19,929)	8,514	2,142,974
Net Position, beginning of year	18,019,003	81,933	154,387	3,142,667	138,290	(25,752,784)	890,956	77,471	(3,248,077)
Net Position, end of year	\$ 18,641,033	\$ 87,376	\$ 168,718	\$ 5,238,238	\$ 193,545	\$ (26,391,025)	\$ 871,027	\$ 85,985	\$ (1,105,103)

See accompanying notes to the basic financial statements.

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lawton's (the City) accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, 39, and 61 and includes all component units for which the City is financially accountable/fiscally responsible. The City's financial reporting entity's primary government presentation includes the City of Lawton and the certain component units as follows:

The City of Lawton – that operates the public safety, health and welfare, streets, culture and recreation, and administrative activities.

The City of Lawton is an incorporated municipality with a population of approximately 96,800 located in southwestern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected eight-member City Council and Mayor.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council.

Blended Component Units - are separate legal entities that meet the GASB component unit criteria and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

Lawton Water Authority (LWA) – that operates the water, wastewater, and sanitation services of the City. The Authority is presented as a Major Proprietary Fund.

City Transit Trust – public trust that operates and maintains public transportation systems and facilities. The Trust is reported as the Special Revenue Mass Transit Fund.

Lawton Urban Homestead Authority – created to purchase and maintain property, buildings, facilities, and to upgrade neighborhood areas in accordance with the Urban Homesteading Program of the City. The Authority is reported as the Special Revenue Lawton Urban Housing Fund.

Lawton Parking Authority (Inactive) – created to operate and maintain public parking systems and facilities.

Lawton Industrial Development Authority – created to promote industrial development within the Lawton area. The Authority is reported as a special revenue fund.

Discretely Presented Component Units (separate legal entities for which the City Council is fiscally responsible, but appoints a separate governing body):

Lawton Metropolitan Area Airport Authority – that operates to develop and maintain airport operations for the City.

Lawton Arts and Humanities Council – that operates to encourage and promote knowledge of the fine arts and humanities.

McMahon Auditorium Authority – created to operate and maintain the McMahon Auditorium, a public and municipal auditorium of the City.

Museum of the Great Plains Trust Authority – created to collect, preserve, and exhibit items relevant to the cultural history of man in the Great Plains of North America.

Lawton Economic Development Authority – created to promote economic development within the Lawton area.

Lawton Metropolitan Planning Organization – created to coordinate planning and development of transportation activities within the Lawton Metropolitan area.

Lawton Enhancement Trust Authority – public trust created to beautify and aesthetically enhance the appearance of the City of Lawton.

Lawton Urban Renewal Authority – public trust created to administer approved urban renewal projects within the City of Lawton.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

1.B. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

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Government-Wide Financial Statements:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, culture and recreation. Sales taxes, franchise fees, fines, state and federal grants finance most of these activities;

Business-type activities – Services where the City charges a fee to customers to help it cover all or most of the cost of these services it provides. The City's water, sewer, and sanitation systems activities are reported here; and

Discretely-presented component units -- These account for activities of the City's reporting entity that do not meet the criteria for blending, specifically the Lawton Metropolitan Area Airport Authority, Lawton Arts and Humanities Council, McMahon Auditorium Authority, Museum of the Great Plains Trust Authority, Lawton Economic Development Authority, Lawton Enhancement Trust Authority, Lawton Urban Renewal Authority and Lawton Metropolitan Planning Organization.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a

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liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds the major funding source is sales tax. For financial reporting purpose the General Fund includes activity of the General Fund, Hunting and Fishing Account, Reserve Account, Insurance Proceeds Account, Payroll Claims Account, Adult Softball Account, Court Credit Card Maintenance Account, Animal License Account, Elmer Thomas Park Account, Storm Water Mitigation Account, RSVP Account, Application Fee Account, Senior Craft Account, Special Jail Account, Real Property Account, and Recycling Account.
- 2012 CIP Fund (capital project fund) – accounts for various projects funded through debt proceeds.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

- Special Revenue Funds: Public Library Fund, Small Business Loan Fund, CDBG Fund, HOME Investment CDBG Fund, Lawton Urban Housing Fund, Police Grant Fund, Park Fee Fund, Narcotics Fund, Animal Shelter Fund, Emergency 911 Fund, Cemetery Care Fund, Officers Training Fund, Lawton Parking Authority Fund, 2009 LPS Sales Tax, State Landfill Fund, Police Sentinel Fund, Fire Prevention Education, McMahon Authority Grants Fund, Drainage Maintenance Fund, Animal Donation Fund, Capital Outlay Rolling Stock Fund, LETA Beautification Fund, Cemetery Reward Fund, Centennial Fund, Hotel/Motel Tax Fund, Project Impact Fund, Mass Transit Fund, Federal Grant Fund, Impact Fees Fund, Police and Fire Training Fund, Cellular Service Fee Fund, Rental Revenue Fund, TIF Fund, Gifts and Grants, and Lawton Industrial Development Authority .

Debt Service Funds – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments, general obligation bonds, and their related interest expenses. The city's non-major debt service funds are the Prior to 1972 Fund and the Ad Valorem 2005 Fund.

Capital Project Funds:

- Capital Improvement Fund – accounts for transfers from other City funds for various capital acquisitions and projects.

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- 2005 CIP Fund (capital project fund) – accounts for various projects such as the southeast water treatment plant and street projects. The projects are funded by restricted revenues from the General Fund and LWA.
- 2008 CIP Sales Tax Fund – accounts for sales tax restricted for streets, waterline improvements, sewerline improvements, and sewer rehabilitation program.
- 2012 CIP Fund – accounts for loan proceeds for construction.
- 2012 Ad Valorem – accounts for loan proceeds for construction.
- 2015 CIP Fund – account for various projects related to the public safety facility, ADA compliance improvements, fire station remodeling, and street improvements.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

Enterprise Fund

- Lawton Water Authority Fund that accounts for the activities of the public trust in providing water, sewer, and sanitation services to the public.

Internal Service Funds (combined for reporting purposes)

- Group Health Insurance Fund that accounts for the cost of providing various insurance services to other funds and departments of the City.
- Information Technology Fund that accounts for the cost of providing automation services to other funds and departments of the City.
- Worker's Comp Fund that accounts for the cost of providing worker's compensation coverage for the other funds and departments of the City.

Fiduciary Funds:

The City's fiduciary funds are used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. These net positions are not available for operations of the City. The City reports two types of fiduciary funds: Pension Trust Fund and Agency Funds. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of changes in net position.

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The fiduciary funds are reported on the accrual basis of accounting and economic resources measurement focus. The City's fiduciary funds include:

Pension Trust Fund

City Employees Retirement Trust Fund – accounts for assets and changes therein of the City's single employer defined benefit plan.

Agency Funds

Used to account for assets held on behalf of others including the License & Permits Fund, Meter Deposits Fund, Municipal Court Fund, and Fringe Benefit Fund.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments:

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market investments. Trust Fund investments in open-ended mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposit, U.S. agency securities, government money market funds, common stock and judgments in the City Employee Retirement Trust Fund only. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities and common stock are reported at fair value which is determined by quoted market value.

The retirement plan's investments in judgments are valued at original judgment value, less principal collected since no quoted market price is available.

Restricted Assets:

Certain proceeds of the Lawton Water Authority's enterprise fund promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The projects fund accounts are used to report those proceeds that are restricted for use in construction. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. The debt service reserve account is used to report resources set aside to make up potential future deficiencies in the debt services account.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utility balances as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories:

Inventories are valued at cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. The cost of governmental funds inventories are recorded as expenditures when consumed rather than when purchased.

Land Held for Resale:

Land held for resale consists of redevelopment property in LEDA, a discretely presented component unit of the City, and is carried on a net basis of lower of cost or net realizable value.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings 50 years
- Improvements other than buildings 20-40 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years
- Machinery, furniture, and equipment 3-25 years

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- Water rights 100 years

Depreciation of capital assets and amortization of water rights is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount. Deferred amount on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term obligations consists of general obligation bonds, judgments, revenue bonds and notes, capital lease obligations, accrued compensated absences, contracts payable, landfill closure and post closure, net pension liability, and other post-employment benefits.

Compensated Absences:

Under terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 280 hours plus current year accrual earned to date of separation; a regular part-time employee will be paid for a maximum of 140 hours plus current year accrual earned to date of separation. Regular full-time employees earn vacation leave per pay period in varying amounts from 80 hours per year to 200 hours per year based upon years of service. Regular part-time employees earn vacation leave per pay period in varying amounts from 40 hours per year to 80 hours per year based upon years of service. Employees who separate from employment with the City will be compensated for all accrued but unused sick leave as follows: The employee's accrued number of sick leave hours will be multiplied by 2.5 percent times the total number of years of service for the employee times the hourly rate of pay the employee was receiving immediately prior to the separation of employment. Employees who are terminated from employment shall receive no compensation for accrued sick leave benefits.

Upon termination, police officers shall be paid a maximum of 280 hours plus the current year's accrual of accrued vacation. An officer is allowed to accrue sick leave totaling 576 hours. If terminated, no sick leave shall be paid. Upon resignation, the officer shall be paid two and one-half (2 ½) percent of his/her hourly rate of pay for each full year of employment with the city for all unused sick leave. Upon retirement, an officer shall be paid at seventy-five (75%) percent of his/her then hourly rate of pay for all unused sick leave.

Firefighters who separate or are terminated from City services for any reason, shall be paid for up to 280 hours of accrued vacation time for staff division members plus the current year's accrual and 504 hours for shift members plus the current year's accrual. Reimbursement shall be based on the

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member's hourly wage. Firefighter's shall be paid for sick leave upon voluntary resignation or retirement. Upon retirement with the City, firefighter's shall be paid for all current sick leave up to 576 hours for staff division and 864 hours for shift division at the rate of 75% of hourly rate at the time of retirement. Amounts in excess of the aforementioned amounts shall be paid at the rate of 100% of his hourly rate. At resignation, a firefighter shall be paid from 25% to 75% of their hourly pay for vacation leave up to 576 hours based upon hours accrued. Hours in excess of 576 for staff and 864 for shift division are paid at 100% of current hourly rate of pay.

Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government reports the following deferred outflows. A deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The city also reports deferred outflows related to pension contributions subsequent to the measurement date and the difference between expected and actual plan experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as in inflow of resources (revenues) until that time. The government reports deferred inflows related to pension accounting for the net difference between projected and actual earnings on pension plan investments and the difference between expected and actual plan experience.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

Net Position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements:

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Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action, motion or resolution, or by management decision when the city council has authorized management (city manager) to make the decision. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

The City’s policy for the use of fund balance amounts require that committed amounts would be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.D. Revenues, Expenditures and Expenses

Program Revenues:

Revenues that are derived directly from each activity or from parties outside of the City’s taxpayers are reported as program revenues within the Statement of Activities. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – ambulance fees, fire run charges, officer’s training charges for services, police sentinel charges for services, restricted operating grants, 911 revenue, and restricted capital grants.
- Streets – Commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – lake fees, pool fees, library fees, hunting and fishing permits, softball fees, and operating grants.
- Transportation – bus fees and operating grants.
- General Government – license and permits, fines and forfeitures, cemetery revenue, impact fees, operating grants and capital grants.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

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Sales Tax Revenue:

Sales tax revenue represents a 4.125 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Sales tax revenue is recorded as follows:

For the period of July 1, 2014 to December 31, 2014 initially 3.625 cents is recorded in the General Fund, with 0.375 cent tax for capital improvements being transferred to the 2008 Sales Tax Capital Improvement Fund. Beginning in January 2012, voters approved a 1.25 cent tax for capital improvements to be transferred to the 2012 sales tax capital improvement fund. If needed, the 2008 CIP and 2012 CIP Funds transfer a portion of the dedicated sales taxes to the Water Authority for debt service on voter-approved projects as well.

In January 2010, the voters approved an additional 0.50 cent tax for the Lawton Public School District. The money is deposited into the LPS Sales Tax Fund and transferred to the School District the same month. The tax is restricted for construction, renovation, remodeling, and school buses. This tax expired in December 2014.

Starting January 1, 2015, 3.625 cents is recorded in the General Fund then transferred as follows:

- 1.25 cents to the 2012 sales tax capital improvement fund, if needed a portion of the tax is transferred to the Water Authority for debt service on voter-approved projects.
- .875 cents to the 2015 sales tax capital improvement fund

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2015, the City's net assessed valuation of taxable property was \$429,123,822. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2015 was \$10.46.

Expenditures and Expenses

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

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Government-Wide Financial Statements:

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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Note 2. DETAILED NOTES ON FINANCIAL STATEMENTS

2.A. Cash and Cash Equivalents, Deposits and Investments

Deposits and Investments Risks

The City of Lawton primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2015 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2015

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 42,465,017	n/a	\$ 42,465,017	\$ -	\$ -	\$ -	\$ -
Time deposits	6,631,900	n/a	-	3,905,677	2,726,223	-	-
Money Market Accounts	18,979,582	n/a	18,979,582	-	-	-	-
U.S. Agencies Obligations	19,882,859	AA+	-	-	17,497,905	-	2,384,954
Sub-Total	\$ 87,959,358		\$ 61,444,599	\$ 3,905,677	\$ 20,224,128	\$ -	\$ 2,384,954
Mutual Funds	29,450,608	n/a					
Common stock	16,921,074	n/a					
Total Deposits and Investments	\$ 134,331,040						

Reconciliation to Financial Statements:

Cash and cash equivalents	\$ 41,824,336
Cash and cash equivalents, restricted - current	18,530,248
Cash and cash equivalents, restricted - noncurrent	260,005
Investments	22,129,115
Investments, restricted	153,836
Retirement fund investments:	
Mutual funds and other investments	29,450,608
U.S. government security agencies	2,384,954
Common stock	16,921,074
Retirement fund cash and cash equivalents	497,199
Agency fund cash and cash equivalents	138,975
Agency fund investments	2,040,690
	\$ 134,331,040

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 102% of the uninsured deposits and accrued interest thereon. The City’s policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2015, the City was not exposed to custodial credit risk. The discretely presented component units were not exposed to custodial credit risk.

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Investment Credit Risk – The City’s investment policy limits investments, excluding retirement trust fund investments, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph (a) above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City and retirement plan have no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s and Retirement Plan’s investment policy indicates that the investment portfolio, except for retirement trust fund investments, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. It sets a desired limit on investment maturities to a period of three years, as a means of managing exposure to fair value losses arising from increasing interest rates, for non-retirement investments. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments on prior page, at June 30, 2015, the investments held by the City mature between 2016 through 2040.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City’s total investment portfolio will be invested in a single financial institution. The City has 14.94% of their investments in FHLB, 34.74% in FMLMC, and 4.22% in FNMA.

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Fund on the Statement of Net Position are comprised of amounts held by the Lawton Water Authority in accounts of the trustee bank for revenue bond retirement, and other accounts with restricted uses. The restricted assets as of June 30, 2015 are as follows:

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Restricted Cash and Cash Equivalents and Investments:

Landfill Financial Trust	\$	153,836
Series 2001B Promissory Note Debt Service		223,666
Series 2001B Promissory Note Debt Reserve		260,005
Series 2009D OWRB Promissory Note Debt Service		207,664
Series 2011 Sales Tax Utility Revenue Bond Debt Service		103,452
Series 2012 Sales Tax Utility Revenue Bond		
Proceeds		1,072
Debt Service		1,828,456
Construction		10,397,180
Sales Tax Collections - Bank of America Sinking fund		5,376,919
Series 2013 Sales Tax Utility Revenue note - debt service		391,839
	<u>\$</u>	<u>18,944,089</u>

Reconciliation to Proprietary Statement of Net Position:

Cash and cash equivalents, current	\$	18,530,248
Cash and cash equivalents, non current		260,005
Investments, current		153,836
	<u>\$</u>	<u>18,944,089</u>

Restricted cash of the Lawton Economic Development Authority is related to debt service accounts for the outstanding note payable totaling \$140,960.

2.B. Accounts Receivable

Significant account receivable balances at June 30, 2015 were:

	<u>Governmental Activities</u>	<u>Business Type Activites</u>	<u>Total</u>
Accounts Receivable:			
Emergency Communication Fees	\$130,843	-	\$130,843
Utilities	-	\$6,645,480	6,645,480
Capital Fee	-	529,387	529,387
Landfill fees	38,551	-	38,551
Drainage maintenance fee	140,911	-	140,911
Hotel/Motel	110,296	-	110,296
Stormwater mainteance fees	62,900	-	62,900
Sewer rehab fees	-	9,833	9,833
Pumping fee	-	57,476	57,476
Miscellaneous	33,419	-	33,419
Reimbursements	345,634	-	345,634
Mortgages receivable	396,683	-	396,683
Allowance for uncollectible	(72,539)	(1,949,503)	(2,022,042)
	<u>\$1,186,698</u>	<u>\$5,292,673</u>	<u>\$6,479,371</u>

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2.C. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2015, capital assets balances changed as follows:

	Restated Balance at July 1, 2014	Additions	Deductions	Transfers	Balance at June 30, 2015
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 3,764,123	\$ -	\$ -	\$ -	\$ 3,764,123
Construction in progress	22,193,491	5,473,708	(2,056,926)	-	25,610,273
Total capital assets not being depreciated	<u>25,957,614</u>	<u>5,473,708</u>	<u>(2,056,926)</u>	<u>-</u>	<u>29,374,396</u>
Other capital assets:					
Buildings and improvements	34,937,916	825,191	(67,371)	-	35,695,736
Infrastructure	74,947,887	1,981,238	-	-	76,929,125
Machinery, furniture and equipment	36,624,029	2,836,882	(1,472,729)	102,071	38,090,253
Intangibles	96,363	-	-	-	96,363
Total other capital assets	<u>146,606,195</u>	<u>5,643,311</u>	<u>(1,540,100)</u>	<u>102,071</u>	<u>150,811,477</u>
Less accumulated depreciation for:					
Buildings and improvements	19,013,180	730,026	(60,431)	-	19,682,775
Infrastructure	28,869,824	2,461,004	36	-	31,330,864
Machinery, furniture and equipment	28,700,827	2,528,888	(1,452,701)	84,200	29,861,214
Total accumulated depreciation	<u>76,583,831</u>	<u>5,719,918</u>	<u>(1,513,096)</u>	<u>84,200</u>	<u>80,874,853</u>
Other capital assets, net	<u>70,022,364</u>	<u>(76,607)</u>	<u>(27,004)</u>	<u>17,871</u>	<u>69,936,624</u>
Governmental activities capital assets, net	<u>\$ 95,979,978</u>	<u>\$ 5,397,101</u>	<u>\$ (2,083,930)</u>	<u>\$ 17,871</u>	<u>\$ 99,311,020</u>
	Restated Balance at July 1, 2014	Additions	Deductions	Transfers	Balance at June 30, 2015
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,512,864	\$ 119,463	\$ -	\$ -	\$ 1,632,327
Construction in progress	24,009,471	9,703,207	(4,264,407)	-	29,448,271
Total capital assets not being depreciated	<u>25,522,335</u>	<u>9,822,670</u>	<u>(4,264,407)</u>	<u>-</u>	<u>31,080,598</u>
Other capital assets:					
Buildings and utility infrastructure	242,749,493	4,503,488	-	-	247,252,981
Machinery, furniture and equipment	21,044,310	2,512,612	(1,030,381)	(105,312)	22,421,229
Water rights	38,371,150	-	-	-	38,371,150
Total other capital assets	<u>302,164,953</u>	<u>7,016,100</u>	<u>(1,030,381)</u>	<u>(105,312)</u>	<u>308,045,360</u>
Less accumulated depreciation for:					
Buildings and utility infrastructure	94,521,613	6,912,384	-	-	101,433,997
Machinery, furniture and equipment	15,143,933	1,860,684	(1,028,476)	(87,701)	15,888,440
Water rights	7,630,232	391,150	-	-	8,021,382
Total accumulated depreciation	<u>117,295,778</u>	<u>9,164,218</u>	<u>(1,028,476)</u>	<u>(87,701)</u>	<u>125,343,819</u>
Other capital assets, net	<u>184,869,175</u>	<u>(2,148,118)</u>	<u>(1,905)</u>	<u>(17,611)</u>	<u>182,701,541</u>
Business-type activities capital assets, net	<u>\$ 210,391,510</u>	<u>\$ 7,674,552</u>	<u>\$ (4,266,312)</u>	<u>\$ (17,611)</u>	<u>\$ 213,782,139</u>

Included in the business-type activities additions is \$7,281,471 of assets being constructed by the city's governmental funds (recognized as expenditures) and transferred by the City to the Lawton Water Authority Fund. These assets relate to water, sewer and landfill projects.

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	Balance at July 1, 2014	Additions	Deductions	Balance at June 30, 2015
COMPONENT UNITS:				
Lawton Metropolitan Area Airport Authority				
Non-depreciable:				
Land	\$ 7,800	\$ -	\$ -	\$ 7,800
Construction-in-progress	184,121	1,784,332	36,877	1,931,576
Total non-depreciable assets at historical cost	<u>191,921</u>	<u>1,784,332</u>	<u>36,877</u>	<u>1,939,376</u>
Depreciable:				
Runways, ramps, and roads	27,165,741	-	-	27,165,741
Buildings and improvements	7,198,196	7,500	-	7,205,696
Equipment and fixtures	2,277,298	98,667	39,696	2,336,269
Furniture and equipment	103,319	-	-	103,319
Total depreciable assets at historical cost	<u>36,744,554</u>	<u>106,167</u>	<u>39,696</u>	<u>36,811,025</u>
Less accumulated depreciation				
Runways, ramps, and roads	15,271,304	933,967	-	16,205,271
Buildings and improvements	3,088,341	166,401	-	3,254,742
Equipment and fixtures	1,433,703	148,014	27,895	1,553,822
Furniture and equipment	88,412	3,065	-	91,477
Total accumulated depreciation	<u>19,881,760</u>	<u>1,251,447</u>	<u>27,895</u>	<u>21,105,312</u>
Other capital assets, net	<u>16,862,794</u>	<u>(1,145,280)</u>	<u>11,801</u>	<u>15,705,713</u>
Net depreciable assets	<u>\$ 17,054,715</u>	<u>\$ 639,052</u>	<u>\$ 48,678</u>	<u>\$ 17,645,089</u>
Museum of the Great Plains Trust Authority				
Non-depreciable:				
Land	\$ 471,555	\$ 1,835,056	\$ -	\$ 2,306,611
Depreciable:				
Furniture and equipment	\$ 296,366	\$ 1,440	\$ -	\$ 297,806
Displays	17,307	-	-	17,307
Leasehold improvements	169,378	-	1,461	167,917
Collections and exhibits	1,141,616	67,981	-	1,209,597
Total depreciable assets at historical cost	<u>1,624,667</u>	<u>69,421</u>	<u>1,461</u>	<u>1,692,627</u>
Less accumulated depreciation				
Total accumulated depreciation	<u>296,754</u>	<u>12,135</u>	<u>380</u>	<u>308,509</u>
Net depreciable assets	<u>\$ 1,327,913</u>	<u>\$ 57,286</u>	<u>\$ 1,081</u>	<u>\$ 1,384,118</u>
Net assets	<u>\$ 1,799,468</u>	<u>\$ 1,892,342</u>	<u>\$ 1,081</u>	<u>\$ 3,690,729</u>
Lawton Urban Renewal Authority:				
Non-depreciable:				
Land	\$ 314,604	\$ -	\$ 5,408	\$ 309,196
McMahon Auditorium Authority				
Depreciable:				
Furniture and fixtures	\$ 24,628	\$ -	\$ -	\$ 24,628
Buildings improvements	81,281	-	-	81,281
Machinery and equipment	72,128	32,575	-	104,703
Total depreciable assets at historical cost	<u>178,037</u>	<u>32,575</u>	<u>-</u>	<u>210,612</u>
Less accumulated depreciation				
Furniture and fixtures	24,628	-	-	24,628
Buildings improvements	55,037	6,408	-	61,445
Machinery and equipment	25,849	9,837	-	35,686
Total accumulated depreciation	<u>105,514</u>	<u>16,245</u>	<u>-</u>	<u>121,759</u>
Net depreciable assets	<u>\$ 72,523</u>	<u>\$ 16,330</u>	<u>\$ -</u>	<u>\$ 88,853</u>
Lawton Arts and Humanities Council				
Machinery and equipment	\$ 18,456	\$ -	\$ -	\$ 18,456
Less accumulated depreciation	<u>18,456</u>	<u>-</u>	<u>-</u>	<u>18,456</u>
Net depreciable assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:	
General Government	\$ 3,745,720
Public Safety	1,258,605
Streets	466,519
Culture and Recreation	203,582
Sub-total governmental funds depreciation	5,674,426
Allocated Internal Service Fund Depreciation	45,492
Total	\$ 5,719,918
Business-Type Activities:	
Water	\$ 3,548,920
Wastewater	2,871,217
Sanitation	2,744,081
Total depreciation	\$ 9,164,218

2.D. Internal and Interfund Balances and Transfers

Internal Balances:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	CDBG Fund	\$ 2,430	Grant funding
General Fund	HOME	415	Reimbursement
General fund	Workers' Compensation	70	Reimbursement
General Fund	Mass Transit	1,272	Reimbursement
General Fund	Federal Grants	126,823	Reimbursement - grant
Capital Improvement Fund 2008	LPWA	796,761	Reimbursement
2012 CIP Fund	LPWA	5,476,387	Reimbursement
Total		\$ 6,404,158	
		Due From	Due To
		Other Funds	Other Funds
Reconciliation to Fund Financial Statements:			Net Internal
Governmental Funds		\$ 6,404,158	\$ 130,940
Proprietary Funds		-	6,273,148
Internal Service Funds		-	70
Total		\$ 6,404,158	\$ 6,404,158
			\$ -

There is a receivable from LEDA to LURA for \$568,658 for property acquisition costs which have been paid by LURA.

LEDA entered into an agreement with the City where the city made interest payments on certain long-term debts. LEDA must repay the city by August 2015 with interest at 2.0%. At June 30, 2015, LEDA owed the City \$414,322.

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Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the statement of activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2015, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	Water Authority	\$ 163,303	Debt service
General Fund	Water Authority	21,180,621	Excess utility collections
General Fund	Officer Training Fund	3,833	Court fines
General Fund	2008 CIP Fund	1,272	Operating subsidy
Officer Training	General Fund	130	Transfer of revenues
LETA Beautification	General Fund	12,835	Transfer of revenues
Animal Steralization	General Fund	383	Transfer of revenues
General Fund	Mass Transit	15,264	Operating subsidy
Officer Training	Police Sentinel Program	1,019	Closing of fund
Police and Fire Training Fund	General Fund	26,400	Transfer of revenues
2008 CIP Fund	General Fund	2,807,701	Sales tax transfer
2012 CIP Fund	General Fund	13,836,369	Sales tax transfer
TIF Fund	General Fund	1,433,619	Sales tax transfer
2015 CIP Fund	General Fund	3,967,488	Sales tax transfer
General Fund	Centennial Fund	7,101	Closing of fund
2008 CIP Fund	Water Authority	1,926,021	BRAC Loan proceeds
Emergency Communication	General Fund	890,000	Operating subsidy
Mass Transit Fund	General Fund	870,000	Operating subsidy
Water Authority	2012 CIP Fund	5,635,430	Operating subsidy
Water Authority	2012 CIP Fund	3,652,560	Debt service
2015 CIP Fund	Water Authority	2,411	Operating subsidy
Water Authority	2005 CIP Fund	304,259	Debt service
Water Authority	2008 CIP Fund	3,376,101	Debt service
Water Authority	2015 CIP Fund	2,747	Operating subsidy
Capital Outlay Rolling Stock Fund	Water Authority	2,915,171	Revenue transfer
2012 CIP Fund	Water Authority	9,145,762	Operating subsidy
LIDA	General Fund	94,050	Debt service
Water Authority	2012 CIP Fund	2,637,742	Operating subsidy
Water Authority	General Fund	375,000	Operating subsidy
General Fund	Water Authority	32,328	Asset transfer
		<u>\$ 75,316,920</u>	

<u>Reconciliation to fund financial statements:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (39,951,304)	\$ 64,968,511	\$ 25,017,207
Water Authority	(35,365,616)	10,348,409	(25,017,207)
Totals	<u>\$ (75,316,920)</u>	<u>\$ 75,316,920</u>	<u>\$ -</u>

<u>Reconciliation to Statement of Activities:</u>	
Net Transfers	\$ 25,017,207
Capital contributions transferred from governmental funds	(7,281,471)
Transfers - Internal Activity	<u>\$ 17,735,736</u>

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2.E. Long-Term Debt

For the year ended June 30, 2015, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Restated Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 15,955,000	\$ -	\$ 2,525,000	\$ 13,430,000	\$ 2,505,000
General Obligation Bond Premium	220,993	-	74,684	146,309	-
Revenue Notes	415,000	281,756	75,829	620,927	361,390
Judgments Payable	2,247,949	636,501	1,110,684	1,773,766	988,666
Notes Payable	1,616,000	-	72,000	1,544,000	75,000
Capital Lease Obligations	-	1,352,925	-	1,352,925	783,038
Workers Comp Liability	2,160,463	-	773,326	1,387,137	693,569
Accrued Compensated Absences - city	5,417,183	11,460	-	5,428,643	648,723
Accrued Compensated Absences - internal service	247,035	-	41,386	205,649	24,575
Total Governmental Activities	<u>\$ 28,279,623</u>	<u>\$ 2,282,642</u>	<u>\$ 4,672,909</u>	<u>\$ 25,889,356</u>	<u>\$ 6,079,961</u>

Reconciliation to Statement of Net Position:

Net OPEB Obligation	3,767,461
Net Pension Liability	49,043,292
	<u>\$ 78,700,109</u>

Business-Type Activities:

Notes Payable	\$ 42,892,221	\$ -	\$ 29,074,322	\$ 13,817,899	\$ 1,093,579
Revenue Bonds Payable	32,690,000	39,242	4,550,000	28,179,242	4,694,242
Contracts Payable	28,653,178	-	1,158,573	27,494,605	1,142,720
Accrued Compensated Absences	811,737	-	19,995	791,742	94,614
Workers Comp Liability	1,332,915	-	446,056	886,859	443,430
Landfill Closure and Post-closure	4,759,833	433,750	-	5,193,583	473,642
Total Business-Type Activities	<u>\$ 111,139,884</u>	<u>\$ 472,992</u>	<u>\$ 35,248,946</u>	<u>\$ 76,363,930</u>	<u>\$ 7,942,227</u>

Reconciliation to Statement of Net Position:

Net OPEB Obligation	1,261,200
Net Pension Liability	8,697,984
	<u>\$ 86,323,114</u>

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

General Obligation Bonds:

\$6,080,000 general obligation bonds dated February 1, 2012, payable in annual installments of \$1,185,000 to \$1,240,000, with interest rates of 3.00% repaid by property tax levies	\$1,185,000
\$1,500,000 general obligation bonds dated October 1, 2005, payable in annual installments of \$115,000, with an interest rate of 5%, repaid by property tax levies	580,000
\$2,500,000 general obligation bonds dated October 1, 2005, payable in annual installments of \$190,000, with an average interest rate of 3.59%, repaid by property tax levies	980,000
\$3,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$230,000, with an average interest rate of 4.22%, repaid by property tax levies	1,850,000

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\$3,300,000 general obligation bonds dated May 1, 2013, payable in annual installments of \$365,000, beginning in May 2015, with an average interest rate of 2.00%, repaid by property tax levies	2,935,000
\$8,000,000 general obligation bonds dated October 1, 2008, payable in annual installments of \$420,000, with an average interest rate of 2.96%, repaid by property tax levies	<u>5,900,000</u>
Total general obligation bonds	\$13,430,000
Premium on bonds outstanding	<u>146,309</u>
Net general obligation bonds	<u>\$13,576,309</u>

Judgments Payable:

Court-assessed judgments to be paid with ad valorem taxes with periods ranging from one to three years.	<u>\$1,773,766</u>
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Note Payable:

\$2,000,000 note payable related to section 108 debt to be repaid with CDBG Fund, payable in varying installments with interest at 5%	<u>\$1,544,000</u>
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Revenue Notes:

\$9,500,000 Utility Authority Utility Sales Tax Revenue Note for various improvements matures December 2019, with interest at 1.95%, debt is split 87.78% for Governmental activities and 12.22% business-like activities. Total draws to date \$321,000	\$281,756
\$415,000 LIDA Replacement Funding Note for the renovations of city hall, matures June 2019, with variable interest rate	<u>339,171</u>
Total revenue notes	<u>\$620,927</u>

Capital Leases:

\$649,830 capital lease for the purchase of two fire trucks, matures August 2016 with interest at 1.46%	\$649,830
\$703,095 capital lease for the purchase of a ladder truck, matures August 2016 with interest at 1.46%	<u>703,095</u>
Total revenue notes	<u>\$1,352,925</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

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Note Payable:

<p>Series 2001A for \$2,008,570 and Series 2001B for \$3,445,000 with interest on Series 2001B subject to annual adjustment (1.82% at June 30, 2015), and no interest charged on Series 2001A; however, there is a .5% annual administrative fee. Debt service payments are due February 15 and August 15 through February, 2021. Both notes are secured by the revenues of the Lawton Water Authority's (the "Authority") water, sanitary, and garbage collection and disposal systems.</p>	\$1,932,572
<p>Series C for \$1,020,000 and Series D for \$1,745,000 with interest on 2003D ranging from 1.345% to 5.245%. No interest is charged on Series 2003C; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September, 2027. All notes are secured by the revenues of the Authority's water, sanitary, and garbage collection and disposal systems.</p>	1,092,086
<p>Series 2004A for \$1,310,000, no interest is charged on Series 2004A; however, there is a .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September 2028. Note is secured by the revenues of the Authority's water, sewer, and garbage collection and disposal systems.</p>	571,028
<p>Series 2009 Clean Water SRF for \$12,270,000 with interest rate of 2.26% and .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September 14, 2021. Secured by revenues of the Authority's water, sewer, and garbage collection and disposal systems. At June 30, 2015 only \$9,677,219 had been drawn on the note.</p>	7,602,389
<p>Series 2009 Drinking Water SRF for \$4,725,000 with interest rate of 2.64% and .5% annual administrative fee. Debt service payments are due March 15 and September 15 through September 15, 2030. Secured by revenues of the Authority's water, sewer, and garbage collection and disposal systems. At June 30, 2015 only \$4,396,605 had been drawn on the note.</p>	<u>2,619,824</u>
<p style="text-align: center;">Total Notes Payable</p>	<u>\$13,817,899</u>

Revenue Bonds Payable:

<p>\$5,270,000 revenue bond issue of 2011, with interest at 2.70%, used to refund a portion of the outstanding OWRB loans to be repaid by water, sewer, and refuse revenue. Debt service payments are due October 1 and April 1 through October 1, 2027.</p>	\$4,440,000
<p>\$23,410,000 revenue bond issue of 2012, with interest at 1.67%, used to construct and improve water and wastewater infrastructure to be repaid by sales tax revenue. Debt service payments are due January 1 and July 1 through January 1, 2019.</p>	14,170,000
<p>\$10,920,000 revenue bond issue of 2013, with interest at 2.890%, refund the OWRB Series 2006 DW and 2008 DW series notes to be repaid by sales tax revenue. Debt service payments are due March 1 and September 1 through September 1, 2024.</p>	9,530,000
<p>\$9,500,000 Utility Authority Utility Sales Tax Revenue Note for various improvements matures December 2019, with interest at 1.95%, debt is split 87.78% for Governmental activities and 12.22% business-like activities. Total draws to date approximates \$321,000</p>	<u>\$39,242</u>
<p style="text-align: center;">Revenue Bond Payable</p>	<u>\$28,179,242</u>

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Contract Payable:

\$20,634,941 contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.46% (subject to adjustment) \$13,102,205

\$16,628,473 addendum to contract payable with the Waurika Project Master Conservancy District. The contract provides the City with a share of the District's water supply and the City pays its share of the costs of the facilities and its operations to the District. The City has pledged water revenues to secure this obligation and also has the ability to levy property taxes to pay the obligation. Debt principal payments are due annually, with interest at 3.46% (subject to adjustment) 14,392,400

Total Contracts Payable \$27,494,605

Long-term debt service requirements to maturity are as follows:

Governmental-Type Activities										
Year Ending June 30,	G.O. Bonds Payable		Note Payable		Judgments Payable		Revenue Note		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,505,000	\$ 452,361	\$ 75,000	\$ 76,573	\$ 988,666	\$ 98,617	\$ 361,390	\$ 14,416	\$ 783,038	\$ 8,359
2017	1,320,000	357,784	80,000	73,157	56,960	41,218	83,019	11,031	569,887	8,376
2018	1,320,000	316,264	84,000	69,449	215,440	11,311	86,547	7,503	-	-
2019	1,320,000	273,983	89,000	65,478	-	-	89,971	3,826	-	-
2020	1,355,000	232,187	94,000	61,134	-	-	-	1,649	-	-
2021-2025	3,910,000	632,198	555,000	227,098	-	-	-	-	-	-
2026-2029	1,700,000	147,642	567,000	63,160	-	-	-	-	-	-
Total	<u>\$ 13,430,000</u>	<u>\$ 2,412,419</u>	<u>\$ 1,544,000</u>	<u>\$ 636,049</u>	<u>\$ 1,261,066</u>	<u>\$ 151,146</u>	<u>\$ 620,927</u>	<u>\$ 38,425</u>	<u>\$ 1,352,925</u>	<u>\$ 16,735</u>

Business-Type Activities							
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Contract Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 1,093,579	\$ 160,921	\$ 4,694,242	\$ 609,896	\$ 1,142,720	\$ 1,058,794	
2017	1,114,835	14,510	4,750,000	516,644	1,177,093	1,025,728	
2018	1,140,775	129,268	4,850,000	422,086	1,209,268	991,630	
2019	1,167,182	112,362	4,960,000	325,758	1,245,224	956,534	
2020	1,193,457	94,122	1,350,000	242,408	1,293,909	904,558	
2021-2025	3,949,434	325,320	6,650,000	612,014	7,174,552	3,810,773	
2026-2030	3,752,806	134,846	925,000	34,291	8,224,332	2,401,066	
2031-2035	405,831	2,197	-	-	5,413,747	993,518	
2036-2038	-	-	-	-	613,760	52,792	
Total	<u>\$ 13,817,899</u>	<u>\$ 973,546</u>	<u>\$ 28,179,242</u>	<u>\$ 2,763,097</u>	<u>\$ 27,494,605</u>	<u>\$ 12,195,393</u>	

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Component Unit Notes Payable

<u>Type of Debt</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Amount due in one year</u>
Component Units:					
Lawton Metropolitan Area Airport Authority					
Note payable	\$ 71,231		\$ 22,907	\$ 48,324	\$ 17,949
Total Debt	<u>\$ 71,231</u>	<u>\$ -</u>	<u>\$ 22,907</u>	<u>\$ 48,324</u>	<u>\$ 17,949</u>
Lawton Economic Development Authority:					
Note payable	\$ 27,525,407	\$ 1,966,647	\$ -	\$ 29,492,054	\$ 275,000
Total Debt	<u>\$ 27,525,407</u>	<u>\$ 1,966,647</u>	<u>\$ -</u>	<u>\$ 29,492,054</u>	<u>\$ 275,000</u>

\$31,600,000 LEDA Tax Apportionment Note payable to Bank of Oklahoma. The note is to provide funds to pay off the existing line of credit and provide funds for implementation of the Downtown Redevelopment Project consisting of Increment District No. 1, and Increment District No. 2, including acquiring and developing land and new infrastructure. The note is a line of credit and draws cannot exceed \$31,600,000. The note is secured with pledged revenues consisting of increment ad valorem, sales tax, and hotel/motel tax revenues and land sale revenues. The note has an initial interest rate of 4.00% from delivery through August 2015, thereafter, the rate is based on prime rate plus 1.25% with a minimum rate of 4.50% and the maximum rate as allowed by law of 14%. The note has a 20 year amortization. It is subject to redemption with sixty days-notice after March 1, 2015. Interest payment are due in March and September. The first semi-annual principal payment of \$250,000 is due September 1, 2015. \$27,992,054

\$1,500,000 Loan from the Comanche County Industrial Development Authority (CCIDA). The note is to provide funds for the Redeveloper for project cost, including public facilities, infrastructure, parking and other cost associated with the development of the Hotel and Conference Center. The note is dated August 2012 and bears interest at an annual rate of 3.14%. The note and accrued interest is due one month after the availability of Hotel-Conference Center Increment funds are available. 1,500,000

Total LEDA Debt \$29,492,054

Pledge of Future Revenues

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$2,008,570, \$3,445,000, \$1,020,000, \$1,745,000, \$1,310,000, \$12,270,000 and \$4,725,000 of the OWRB Series 2001A, 2001B, 2003C, 2003D, 2004A, 2009 CWSRF and 2009 DWSRF promissory notes payable, respectively. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2021, 2021, 2027, 2027, 2026, 2026, 2030 and 2030 respectively. The total principal and interest payable for the remainder of the life of these notes is \$14,791,445. Net utility revenues received in the current year were \$26,057,065. Debt service payments of \$30,521,882 for the current fiscal year were 117.1% of pledged net utility revenues.

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Landfill Closure Liability

State and federal laws and regulations require the City to place a final cover on its construction and demolition landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense of the Utilities Authority in each fiscal year. The current period expense amount is based upon the amount of landfill capacity used as of each fiscal year end.

The \$5,193,583 reported as accrued landfill closure cost liability at June 30, 2015, represents the cumulative amount of such costs reported to date based on the use of 67.16% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$2,539,645 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. The City has \$753,996 set aside to fund the estimated landfill closure cost liability. At June 30, 2015, the landfill had a remaining estimated useful life of approximately eleven years.

2.F. Net Position and Fund Balances

At June 30, 2015, the City's governmental activities had total restricted net position of \$26,625,143, of that amount \$2,740,526 was restricted by enabling legislation.

Beginning net position was restated as follows:

	Governmental Activities	Business-type Activities/Proprietary Funds
Beginning net position as previously reported	\$113,774,475	\$163,945,623
Understatement of due to other funds	-	(1,770,309)
Implementation of GASB Statements 68 & 71 pension standards	(46,180,764)	(8,329,899)
Beginning net position, restated	\$67,593,711	\$153,845,415

The beginning net position of Lawton Water Authority was restated by \$1,770,309 due to the omission of an interfund liability in the 2014 financial statements. The impact of the restatement on Lawton Water Authority for the fiscal year ended June 30, 2014 would have been a reduction in the change in net position of \$1,770,309.

The impact of the above restatement on the fiscal year ended June 30, 2014 would have been a decrease in the Government activities net position and the Business Type Activities net position of approximately \$46,180,762 and \$10,100,208, respectively.

The City by ordinance has created a stabilization amount within the General Fund for the purpose of responding to qualified emergencies and events in order to minimize or stabilize the financial impact such emergencies have on existing resources previously budgeted for the various functions and departments of the General Fund. The amount may be used to respond to federal and state emergencies, infrastructure repairs determined to be critical to protect the public health; and any legally mandated actions stemming from new federal and state regulations impacting municipal functions and any necessary expenditure associated therewith. At June 30, 2015, the General Fund has committed fund balance for stabilization of \$1,319,683.

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	Major Special Revenue			Total
	General Fund	Fund 2012 CIP Fund	Other Governmental Fund	
Fund Balance:				
Nonspendable:				
Inventory	\$ 404,673	\$ -	\$ -	\$ 404,673
	<u>404,673</u>	<u>-</u>	<u>-</u>	<u>404,673</u>
Restricted For:				
Animal control	\$ -	\$ -	\$ 114,936	\$ 114,936
Police operations	-	-	102,040	102,040
Public safety training	-	-	449,548	449,548
General obligation debt service	-	-	1,151,345	1,151,345
Capital improvements	-	24,568,621	19,557,583	44,126,204
Drainage maintenance fund	-	-	1,138,106	1,138,106
Transportation programs	-	-	237,356	237,356
Culture and rec programs	-	-	203,415	203,415
Economic development	-	-	879,603	879,603
Landfill programs	-	-	61,256	61,256
General government programs	-	-	29,177	29,177
General government grants	-	-	2,291,563	2,291,563
Fire education programs	-	-	12,276	12,276
Police - drug programs	-	-	162,731	162,731
Cemetery improvements	-	-	180,802	180,802
Park improvements	-	-	23,307	23,307
Sub-total restricted	<u>-</u>	<u>24,568,621</u>	<u>26,595,044</u>	<u>51,163,665</u>
Committed to:				
Beautification	-	-	39,344	39,344
Stabilization	1,319,683	-	-	1,319,683
Sub-total committed	<u>1,319,683</u>	<u>-</u>	<u>39,344</u>	<u>1,359,027</u>
Assigned to:				
Insurance proceeds	146,993	-	-	146,993
General government	848,953	-	-	848,953
Police	55,674	-	-	55,674
Culture and rec programs	55,249	-	-	55,249
Stormwater mitigation	582,898	-	-	582,898
Recycling	131,866	-	-	131,866
Facilities management	-	-	24,950	24,950
Capital improvements	-	-	4,245,978	4,245,978
Sub-total assigned	<u>1,821,633</u>	<u>-</u>	<u>4,270,928</u>	<u>6,092,561</u>
Unassigned:	10,485,636	-	-	10,485,636
TOTAL FUND BALANCE	<u>\$ 14,031,625</u>	<u>\$ 24,568,621</u>	<u>\$ 30,905,316</u>	<u>\$ 69,505,562</u>

Note 3. OTHER NOTES

3.A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through self-insurance.
- Physical Property – Covered through purchased insurance with a \$35,000 deductible.
- Workers' Compensation – Workers' compensation is covered through self-insurance using a third party processor to process claims.
- Employee's Group Medical –Covered through self-insurance using a third party. processor to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable.

The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year.

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Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

	<u>Workers' Compensation</u>	<u>Health Care</u>	<u>Total</u>
Claim liability, June 30, 2013	\$ 2,155,427	\$ 1,224,024	3,379,451
Claims and changes in estimates	2,809,204	7,183,630	9,992,834
Claims payments	<u>(1,471,253)</u>	<u>(7,538,280)</u>	<u>(9,009,533)</u>
Claim liability, June 30, 2014	3,493,378	869,374	4,362,752
Claims and changes in estimates	74,735	8,362,979	8,437,714
Claims payments	<u>(1,294,117)</u>	<u>(7,875,998)</u>	<u>(9,170,115)</u>
Claim liability, June 30, 2015	<u>\$ 2,273,996</u>	<u>\$ 1,356,355</u>	<u>\$ 3,630,351</u>

3.B. Retirement Plan Participation

The City of Lawton participates in three pension or retirement plans:

1. Lawton City Employee Retirement System (the "System") – single-employer, defined benefit pension plan
2. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
3. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

Aggregate Pension Information for all plans was as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Plan Totals</u>
Net Pension Liability(Asset)			
Employee Retirement System	18,916,660	8,697,984	27,614,644
Police	(1,109,030)	-	(1,109,030)
Firefighters	<u>30,126,632</u>	<u>-</u>	<u>30,126,632</u>
	<u>47,934,262</u>	<u>8,697,984</u>	<u>56,632,246</u>
Deferred Outflows of Resources			
Employee Retirement System	1,751,096	805,164	2,556,260
Police	1,203,232	-	1,203,232
Firefighters	<u>1,853,042</u>	<u>-</u>	<u>1,853,042</u>
	<u>4,807,370</u>	<u>805,164</u>	<u>5,612,534</u>
Deferred Inflows of Resources			
Employee Retirement System	1,341,278	616,727	1,958,005
Police	4,396,315	-	4,396,315
Firefighters	<u>4,560,347</u>	<u>-</u>	<u>4,560,347</u>
	<u>10,297,940</u>	<u>616,727</u>	<u>10,914,667</u>
Pension Expense			
Employee Retirement System	1,856,263	853,520	2,709,783
Police	406,504	-	406,504
Firefighters	<u>2,721,739</u>	<u>-</u>	<u>2,721,739</u>
	<u>4,984,506</u>	<u>853,520</u>	<u>5,838,026</u>

Lawton City Employee Retirement System

A. Plan Description

The City contributes to the City of Lawton Employee Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of Lawton. After November 1, 1975, all regular, full-time employees become a participant after completing thirty days of creditable service except for full-time police officers, firefighters and the city manager. The City performs actuarial valuations in each odd-numbered year to determine if the City's fixed contribution rate is funding the actuarially determined liability. The System issues separate audited annual financial statements which can be obtained by contacting the City of Lawton or referring to the City's website at www.cityof.lawton.ok.us.

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been prepared using the accrual basis of accounting. Employer contributions to the System are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

The System's investments in U.S. government securities and agencies, money markets, marketable common stocks, and cash equivalents are stated at fair value, which is determined by quoted market prices. The System's investments in judgments are valued at original judgment value, less principal collected, since no quoted market price is available. Purchases and sales of securities are recorded on a trade date basis, while interest income is recorded on the accrual basis. As of June 30, 2015, the System held no related party investments or individual investments (other than U.S. government and U.S. government guaranteed securities) whose market value exceeds five percent or more of the net position available for benefits.

C. Eligibility Factors and Benefit Provisions

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority	1970; City Ordinance No. 692
Determination of Contribution requirements	City Ordinance
Employer	10%
Plan members	6.3%
Funding of administrative costs	Investment earnings
Period required to vest	Based on years of service; 100% vested after 10 years
Eligibility for distribution	Age 52 with 10 years credited service, or earlier with 25 years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

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Employees Covered by Benefit Terms

Active Employees	506
Retirees or Retiree Beneficiaries	<u>221</u>
Total	<u>727</u>

D. Contribution Requirements

The funding policy is established by Ordinance No. 692. Therefore, contributions are determined by ordinance rather than by actuarial determination. Each year, employees contribute 6.3% of annual pre-tax wages and the City contributes an amount required to provide benefits under the retirement system, subject to a maximum of 10% of annual pre-tax gross wages. For the year ended June 30, 2015, the City recognized \$2,021,594 of employer contributions to the plan which equals the amount determined by ordinance based on covered payroll of \$20,580,295. Employee contributions for FY 2015 were \$1,279,749.

E. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2014 and the City's report ending date of June 30, 2015, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at beginning of year	\$ 76,013,611	\$ 47,537,321	\$ 28,476,290
Charges for year:			
Service cost	2,421,404	-	2,421,404
Interest expense	5,130,919	-	5,130,919
Contributions - employer	-	2,144,569	(2,144,569)
Contributions - employee	-	1,311,923	(1,311,923)
Net investment income	-	5,604,962	(5,604,962)
Benefits paid	(5,002,125)	(5,002,125)	-
Benefit changes due to plan amendments	-	-	-
Difference between actual and expected experience	620,866		620,866
Plan administrative expenses	-	(26,618)	26,618
Net changes	\$ 3,171,064	\$ 4,032,711	\$ (861,647)
Balances at end of year	\$ 79,184,675	\$ 51,570,032	\$ 27,614,643

The City reported \$2,709,783 in pension expense for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 531,145	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,958,005
City contributions subsequent to the measurement date	2,025,116	-
Total	\$ 2,556,261	\$ 1,958,005

The \$2,025,116 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year

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ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	(399,780)
2017		(399,780)
2018		(399,780)
2019		(399,780)
2020		89,721
Thereafter		82,539
	<u>\$</u>	<u>(1,426,860)</u>

F. Actuarial Assumptions

Key Assumptions used in the plan actuarial valuation were:

Measurement date	July 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Projected salary increases	4.25%
Mortality	RP 2000 Projected
Retirement rates	Lawton experience
Turnover	Oklahoma municipal experience
Discount rate	6.75%
Long-term expected rate of return	6.75%

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.5%) and deducting expenses. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	6.00%
International Equity	10%	6.20%
Fixed Income	22%	2.75%
Government Securities	28%	2.25%

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G .Discount Rate –

The discount rate used to value total pension liability was the long-term expected rate of return on plan investments, 6.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 37,158,828	\$ 27,614,643	\$ 19,731,061

Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan

Plan description - The City of Lawton, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs

Summary Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS’s fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,135,232. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$2,672,858 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,330,372. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$30,126,632 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 2.93%.

For the year ended June 30, 2015, the City recognized pension expense of \$2,721,739. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 717,810	\$ -
Net difference between projected and actual earnings on pension plan investments		4,560,347
City contributions subsequent to the measurement date	1,135,232	-
Total	\$ 1,853,042	\$ 4,560,347

The \$1,135,232 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,006,417)
2017	(1,006,417)
2018	(1,006,417)
2019	(1,006,417)
2020	133,670
Thereafter	49,461
	\$ (3,842,537)

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Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 39,339,019	\$ 30,126,632	\$ 22,403,060

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Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

Oklahoma Police Pension – Statewide Cost Sharing Plan

Plan description - The City of Lawton, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Summary of significant accounting policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contribution requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. For the year ended June 30, 2015, contributions to the pension plan from the City were \$1,203,232. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,154,668 for FY 2015this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,031,956 for FY 2015. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities or Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of \$1,109,030 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 3.294%.

For the year ended June 30, 2015, the City recognized pension expense of \$406,504. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 498,254
Net difference between projected and actual earnings on pension plan investments		3,898,061
City contributions subsequent to the measurement date	1,203,232	-
Total	\$ 1,203,232	\$ 4,396,315

The \$1,203,232 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,077,673)
2017	(1,077,673)
2018	(1,077,673)
2019	(1,077,673)
2020	(85,623)
	\$ (4,396,315)

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private Equity	5.96%
Commodities	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 6,598,485	\$ (1,109,030)	\$ (7,604,727)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Other Post-Employment Benefits

Plan Description. The City sponsors medical and prescription drug insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. The plan does not issue separate financial statements. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Lawton Employee Retirement Plan. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the city council. Benefits are paid from general operating assets of the City.

Effective January 1, 2015 coverage for retirees and spouses age 65 and over was changed from the City medical plan to a fully insured Medicare Supplement. Retirees pay the full cost of the Medicare Supplement. This eliminates the employer subsidy and thus eliminates the OPEB liability for ages 65 and over. The July 1, 2014, actuary reflects this plan change which reduced the OPEB liability by approximately 37%.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the actuarially expected City contribution in the form of net age adjustment was \$693,772 to the Plan. Plan members receiving benefits contributed \$273,794 of the total premiums, through their payment of the full determined premium in fiscal year 2015.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2015:

Normal Cost	\$ 792,197
Interest on NOO	163,919
Amortization of OPEB Obligation	(205,129)
Amortization of Actuarial Accrued Liability (AAL)	657,787
Annual OPEB cost (expense)	1,408,774
Expected net benefits during the year	(693,772)
Increase in net OPEB obligation	715,002
Net OPEB obligation - beginning of year	4,313,659
Net OPEB obligation - end of year	\$ 5,028,661

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

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Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$1,515,412	50%	\$3,407,464
6/30/14	\$1,664,953	46%	\$4,313,659
6/30/15	\$1,408,774	49%	\$5,028,661

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$15,906,961, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,906,961. The covered payroll (annual payroll of active employees covered by the plan) was \$36,200,000, and the ratio of the UAAL to the covered payroll was 44 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 3.8 percent investment rate of return (net of administrative expenses), which is based on market rates of interest at the end of the year for 20-year municipal bonds, and an annual healthcare cost trend rate of 5.015 percent initially, reduced by decrements to an ultimate rate of 4.87 percent in 2060. The UAAL is being amortized over 30 open years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2014, was twenty-four years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

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3.C. Commitments and Contingencies

Construction Contracts Outstanding

The following construction contracts were outstanding at June 30, 2015:

Nine Mile Creek Sewer Line	\$	2,282,921
SE 45th ST(Gore-Lee)		572,458
Landfill Subtitle "D"		347,937
Greet Adtn Drainage NW35th-Arlington		2,743,903
SW 52ND ST (Gore to RR Tracks)		4,138,060
67th ST Chloring Pump Station		719,652
2014 Water Line Replacement Proj		3,196,958
Ward 4 ST Proj		419,525

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Programs

The City of Lawton participates in various federal and state grant/loan programs from year to year. In 2015, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

In August 2015, an investigation of the Housing Division of the City was initiated based on internal reports of questionable practices within the Division relative to various programs funded by U.S. Department of Housing and Urban Development (HUD) grants. In coordination with HUD, representatives from the Lawton Police Department and City Attorney's Office conducted the extensive investigation that concluded on October 27, 2015. Evidence of improper procedures/practices in several areas was uncovered during the investigation and reported to both HUD and the Lawton City Council in executive session. As a result of the investigative findings, the Division Supervisor resigned while facing disciplinary action and the next senior employee was terminated by the City Manager. The terminated employee appealed the City Manager's disciplinary action to the Lawton Personnel Board who upheld the City Manager's action. Additionally, HUD presented to the U.S. Attorney's Office in Oklahoma City evidence uncovered in the investigation particularly including reports of lead-based paint testing for possible criminal charges. To date, no criminal charges are known to have been filed. No loss or misappropriation of funds by employees was discovered during the investigation. A new supervisor with a proven track record of strong performance in another division of the City was brought in to replace the supervisor who resigned shortly after the investigation concluded. HUD's local office in Oklahoma City commended Lawton for the thorough investigation that was conducted and the prompt remedial action taken to return the Housing Division to a highly reputable operation.

Additionally, in 2015, the City did discover approximately \$18,000 in HUD grant funds was missing from the Housing Division, but the responsible party has made restitution of the funds.

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Any liability for reimbursement which may arise as a result of the ongoing audit/investigation cannot be reasonably determined at this time.

3.D. Budgetary Compliance and Deficit Fund Balance/Net Position

In the General Fund, the City had expenditures exceeding appropriations at the legal level of control in the following departments and for the following amounts:

General Fund – Transfers Out - \$8,011,781

State law prohibits deficit fund balance. The following funds had deficit fund balance at June 30, 2015:

Group Health Insurance – Internal Service Fund	(\$1,194,424)
Information Technology Fund – Internal Service Fund	(\$246,823)

The City plans to adjust the future internal fee structure of the internal service funds to eliminate or reduce the deficit position in these funds.

The Lawton Economic Development Authority (LEDA) has entered into an agreement with a private developer to cost share in the redevelopment of Second Street in Lawton, OK. This is known as the TIF 2 District. The majority of expenses incurred by LEDA in 2013 and 2015 represent land development costs and redevelopment construction costs funded by LEDA in accordance with this redevelopment agreement. The assets being constructed are not assets owned by LEDA and are therefore not reported as such in the accompanying financial statements. Since the assets are not owned by LEDA, this activity results in a deficit net position for LEDA. Redevelopment assets constructed in the form of infrastructure assets will be donated to the City of Lawson in the future. A tax apportionment note totaling \$31,600,000 was secured from the Bank of Oklahoma by LEDA to fund these redevelopment activities. The June 30, 2015, unrestricted deficit of \$26,391,025 in LEDA’s statement will be reduced as the sales tax, use tax, property tax and hotel/motel tax revenue that is pledged to the TIF 2 District is used to liquidate the apportionment note.

3.E. Related Party Transaction

Pursuant to a pledge agreement dated April 27, 2007, LURA is to acquire land and other property identified in the downtown revitalization project Phase IA and other downtown Lawton TIF projects. The funds used to acquire this property were obtained from LEDA which sold a capital improvement note not to exceed \$12,000,000 at any one time to BancFirst. As a condition of this note, the lender required an agreement from LURA that upon the sale or lease of any acquired assets the proceeds of such sale or lease shall be used to reduce the principal and accrued interest on the note until such time as the note has been paid in full.

The accounts receivable from LEDA are the results of expenses paid for acquisition of properties described in the previous paragraph for which LURA has not been reimbursed. The amount of these receivables at June 30, 2015 are \$568,658. This amount represents property acquisition costs which have been paid by LURA, which pursuant to the agreement with LEDA are to be reimbursed by LEDA.

3.F. New Accounting Pronouncements

The city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement Date*, which required the recognition of assets, deferred outflow, liabilities, and deferred inflows related the city’s participation in the fire and police cost-sharing defined benefit pension plans.

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The city early implemented GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* – GASB 82 was issued in March 2016 to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City does not believe that GASB No. 82 will have significant impact on its financial statements.

3.G. Future Accounting Pronouncements

Statement No. 72, *Fair Value Measurement and Application* – GASB No. 72 was issued in February 2015, and addresses issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement is effective for financial statements for period beginning after June 15, 2015. At this time the impact to the City is unknown.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - GASB No. 74 was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No., 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position, although it may be material.

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GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – GASB No. 76 was issued in June 2015, and was issued to identify the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* - GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The statement does not affect the City’s financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2015, and addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At this time, the impact to the City is unknown.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* – An Amendment of GASB Statement No. 14 – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain*

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Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. At this time, the impact to the City is unknown.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City does not believe that GASB No. 81 will have significant impact on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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General Fund Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budget basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 2,400,307	\$ 2,400,307
Resources (Inflows):				
Taxes and assessments	44,928,316	44,928,316	51,206,348	6,278,032
Fees, licenses and permits	1,178,520	1,178,520	1,182,299	3,779
Rentals and sales of property	188,909	188,909	276,710	87,801
Fines and forfeitures	2,846,498	2,846,498	2,269,789	(576,709)
Interest earned	94,289	94,289	79,132	(15,157)
Other sources	586,228	586,228	509,283	(76,945)
Intergovernmental	823,995	823,995	924,490	100,495
Grants	563,495	563,495	66,283	(497,212)
Total Resources (Inflows)	<u>51,210,250</u>	<u>51,210,250</u>	<u>56,514,334</u>	<u>5,304,084</u>
Amounts available for appropriation	<u>51,210,250</u>	<u>51,210,250</u>	<u>58,914,641</u>	<u>7,704,391</u>
Charges to Appropriations (Outflows):				
General Government	8,722,212	8,722,212	7,682,176	1,040,036
Public Safety	29,069,232	29,069,232	28,022,257	1,046,975
Streets	8,966,433	8,966,433	7,545,867	1,420,566
Culture and Recreation	6,727,622	6,727,622	5,895,386	832,236
Total Charges to Appropriations	<u>53,485,499</u>	<u>53,485,499</u>	<u>49,145,686</u>	<u>4,339,813</u>
Other financing sources (uses)				
Transfers from other funds	21,290,595	21,290,595	21,364,450	73,855
Transfers to other funds	(20,400,358)	(20,400,358)	(28,412,139)	(8,011,781)
Total other financing sources (uses)	<u>890,237</u>	<u>890,237</u>	<u>(7,047,689)</u>	<u>(7,937,926)</u>
Ending Budgetary Fund Balance	<u>\$ (1,385,012)</u>	<u>\$ (1,385,012)</u>	<u>\$ 2,721,266</u>	<u>\$ 4,106,278</u>

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution. Presentation is for the General Fund on the City's financial records and does not include all funds or accounts of the General Fund as reflected in the accompanying financial statements.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the following schedule:

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	<u>Fund Balance June 30, 2014</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2015</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$ 13,615,312	\$ 416,313	\$ 14,031,625
Increases (Decreases):			
Revenues:			
Taxes receivable	(8,543,776)	(209,539)	(8,753,315)
Accounts receivable	(65,742)	(274,901)	(340,643)
Accrued interest	(6,220)	(49,649)	(55,869)
Expenditures:			
Accounts payable	217,515	1,484,831	1,702,346
Encumbrances	(187,923)	(57,813)	(245,736)
Other items	679,247	(1,168,968)	(489,721)
Accounts of the General Fund:			
Hunting and Fishing	15,176	(11,719)	3,457
Reserve Account	(1,472,949)	153,266	(1,319,683)
Insurance Proceeds Account	(212,189)	65,196	(146,993)
Adult Softball Account	(48,711)	1,258	(47,453)
Court Credit Card Maint. Account	(431,639)	81,527	(350,112)
Animal License Account	(392,951)	(37,695)	(430,646)
Elmer Thomas Park Account	(7,796)	-	(7,796)
Stormwater Mitigation	(550,755)	(32,143)	(582,898)
RSVP Account	16,173	(5,735)	10,438
Application Fee Account	(61,455)	(4,465)	(65,920)
Senior Craft Account	(86)	86	-
Special Jail Account	(68,141)	12,467	(55,674)
Real Property Account	(2,275)	-	(2,275)
Recycling Account	(90,806)	(41,060)	(131,866)
Fund Balance - Budgetary Basis	<u>\$ 2,400,009</u>	<u>\$ 321,257</u>	<u>\$ 2,721,266</u>

4. In the General Fund, the City had expenditures exceeding appropriations at the legal level of control in the following departments and for the following amounts:

General Fund – Transfers Out - \$8,011,781

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Schedules of Required Supplementary Information - Pensions

Schedule of the City of Lawton's Proportionate Share of the Net Pension Liability (Asset) –
Oklahoma Police Pension & Retirement System
Last Ten Fiscal Years*

	2015
City's proportion of the net pension liability (asset)	3.2939%
City's proportionate share of the net pension liability (asset)	\$ (1,109,030)
City's covered-employee payroll	\$ 9,205,946
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(12.05%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

Schedule of City Contributions
Oklahoma Police Pension & Retirement System

	2015
Statutorially required contribution	\$ 1,203,232
Contributions in relation to the statutorially required contribution	1,203,232
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 9,242,684
Contributions as a percentage of covered-employee payroll	13.02%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

**CITY OF LAWTON, OKLAHOMA
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Schedule of the City of Lawton's Proportionate Share of the Net Pension Liability (Asset) –
Oklahoma Fire Fighter's Pension & Retirement System
Last Ten Fiscal Years*

	<u>2015</u>
City's proportion of the net pension liability	2.929600%
City's proportionate share of the net pension liability	\$ 30,126,632
City's covered-employee payroll	\$ 7,829,286
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	385%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

Schedule of City Contributions
Oklahoma Fire Fighter's Pension & Retirement System

	<u>2015</u>
Statutorily required contribution	\$ 1,135,232
Contributions in relation to the statutorily required contribution	<u>1,135,232</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 8,109,365
Contributions as a percentage of covered-employee payroll	14.00%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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City Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year
	<u>2015</u>
Total pension liability	
Service cost	\$ 2,421,404
Interest	5,130,919
Changes of benefit terms	-
Differences between expected and actual experience	620,866
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(5,002,125)</u>
Net change in total pension liability	<u>3,171,064</u>
Total pension liability - beginning	<u>76,013,611</u>
Total pension liability - ending (a)	<u>\$ 79,184,675</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,144,569
Contributions - member	1,311,923
Net investment income	5,604,962
Benefit payments, including refunds of member contributions	(5,002,125)
Administrative expense	(26,618)
Other	-
Net change in plan fiduciary net position	<u>4,032,711</u>
Plan fiduciary net position - beginning	<u>47,537,321</u>
Plan fiduciary net position - ending (b)	<u>\$ 51,570,032</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 27,614,643</u>
Plan fiduciary net position as a percentage of the total pension liability	65.13%
Covered employee payroll	\$ 20,593,547
Net pension liability as a percentage of covered-employee payroll	134.09%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

**CITY OF LAWTON, OKLAHOMA
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City Retirement Plan, (continued)

Schedule of Employer Contributions	Fiscal Year				
	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,179,977	\$ 3,225,198	\$ 3,182,857	\$ 3,182,857	\$ 2,965,333
Contributions in relation to the actuarially determined contribution	2,021,594	2,144,569	2,239,853	2,113,599	1,920,223
Contribution deficiency (excess)	<u>\$ 1,158,383</u>	<u>\$ 1,080,629</u>	<u>\$ 943,004</u>	<u>\$ 1,069,258</u>	<u>\$ 1,045,110</u>
Covered employee payroll	\$ 20,580,295	\$ 20,593,547	\$ 21,615,172	\$ 22,095,022	\$ 19,845,649
Contributions as a percentage of covered-employee payroll	9.82%	10.41%	10.36%	9.57%	9.68%
	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 2,965,333	\$ 2,376,870	\$ 2,376,870	\$ 1,790,694	\$ 1,790,694
Contributions in relation to the actuarially determined contribution	1,717,742	1,628,972	1,553,635	1,412,087	1,259,042
Contribution deficiency (excess)	<u>\$ 1,247,591</u>	<u>\$ 747,898</u>	<u>\$ 823,235</u>	<u>\$ 378,607</u>	<u>\$ 531,652</u>
Covered employee payroll	\$ 21,472,000	\$ 20,362,000	\$ 19,420,000	\$ 18,828,000	\$ 17,986,000
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	7.50%	7.00%

Notes to Schedule:

Latest Valuation Date: July 1, 2014

Actuarially determined contribution rate is calculated as of July 1, 2014
July 2014 through June 2015 contributions were at a rate of 10%.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method - Entry age normal
- Amortization method - Level dollar
- Remaining amortization period - 30 years rolling
- Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
- Salary increases -4.25% per year (3.0% general increases and 1.25% allowance for promotions)
- Investment rate of return - 6.75% per annum

Schedule of Investment Returns

Last Fiscal Year

Annual money-weighted rate of return, net of investment expense	<u>Year Ended June 30, 2015</u> 1.54%
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Ten year historical data was not available

**CITY OF LAWTON, OKLAHOMA
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Schedule of Funding Progress – Other Post Employment Benefits

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2008	July 1, 2010	July 1, 2012	July 1, 2014
Actuarial accrued liability - AAL (a)	\$15,764,535	\$16,543,865	\$19,110,068	\$15,906,961
Actuarial value of plan assets (b)	-	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$15,764,535	\$16,543,865	\$19,110,068	\$15,906,961
Funded ratio (b)/(a)	0%	0%	0%	0%
Covered payroll (c)	\$28,400,000	\$34,500,000	\$37,100,000	\$36,200,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	56%	48%	52%	44%

Changes in plan benefits:

Effective January 1, 2015 coverage for retirees and spouses age 65 and over was changed from the City medical plan to a fully insured Medicare Supplement. Retirees pay the full cost of the Medicare Supplement. This eliminates the employer subsidy and thus eliminates the OPEB liability for ages 65 and over. The July 1, 2014, actuary reflects this plan change which reduced the OPEB liability by approximately 37%.

Changes in actuarial assumptions:

1. The relative age curve for medical claims cost was adjusted to reflect a recent study of the age–relationship of healthcare claims by the Society of Actuaries.
2. Healthcare trends were updated to reflect projections made by the Office of the Actuary, Centers for Medicare and Medicaid and the Society of Actuaries Getzen economic model as described in this report.
3. The discount rate was decreased from 4.50% to 3.80% based of market rates of interest at the end of the year for 20-year municipal bonds (Moody's index of municipal bonds). The municipal bond discount rate will be required under GASB 75.
4. Retirement rates and turnover rates for police and firefighters were updated to those used in the most recent actuarial valuations of the statewide retirement programs for such employees (OPPRS and OFPRS).
5. The actuarial cost method was changed from the Projected Unit Credit method to the Entry Age Normal cost method in preparation for the change that will be required by GASB 75 effective for the 2017-18 fiscal year.

**CITY OF LAWTON, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – General Fund Accounts – June 30, 2015

	<u>General Fund</u>	<u>Hunting and Fishing Account</u>	<u>Reserve Account</u>	<u>Insurance Proceeds Account</u>	<u>Payroll Claims Account</u>	<u>Adult Softball Account</u>	<u>Court Credit Card Maint. Account</u>	<u>Animal License Account</u>
ASSETS								
Cash and cash equivalents	\$ 3,072,064	\$ 26,750	\$ 582,271	\$ 147,304	\$ -	\$ 47,453	\$ 350,112	\$ 430,971
Investments	-	-	735,286	-	-	-	-	-
Receivables:								
Accounts receivable	340,643	10	-	4,991	2,379	-	-	145
Accrued interest receivable	5,869	-	2,126	-	-	-	-	-
Due from other funds	128,439	-	-	-	2,571	-	-	-
Due from other accounts	2,324	-	-	-	36,613	-	-	-
Due from other governments	8,753,315	-	-	-	-	-	-	-
Inventory	404,673	-	-	-	-	-	-	-
Total assets	<u>12,707,327</u>	<u>26,760</u>	<u>1,319,683</u>	<u>152,295</u>	<u>41,563</u>	<u>47,453</u>	<u>350,112</u>	<u>431,116</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	1,702,346	30,217	-	5,302	39,704	-	-	470
Due to other accounts	-	-	-	-	1,859	-	-	-
Total liabilities	<u>1,702,346</u>	<u>30,217</u>	<u>-</u>	<u>5,302</u>	<u>41,563</u>	<u>-</u>	<u>-</u>	<u>470</u>
DEFERRED INFLOWS OF RESOURCES								
Unearned revenue	<u>100,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	404,673	-	-	-	-	-	-	-
Committed	-	-	1,319,683	-	-	-	-	-
Assigned	-	-	-	146,993	-	47,453	350,112	430,646
Unassigned (deficit)	10,499,531	(3,457)	-	-	-	-	-	-
Total fund balances (deficit)	<u>10,904,204</u>	<u>(3,457)</u>	<u>1,319,683</u>	<u>146,993</u>	<u>-</u>	<u>47,453</u>	<u>350,112</u>	<u>430,646</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,707,327</u>	<u>\$ 26,760</u>	<u>\$ 1,319,683</u>	<u>\$ 152,295</u>	<u>\$ 41,563</u>	<u>\$ 47,453</u>	<u>\$ 350,112</u>	<u>\$ 431,116</u>

(Continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Balance Sheet – General Fund Accounts – June 30, 2015, (Continued)

	<u>Elmer Thomas Park Account</u>	<u>Stormwater Mitigation</u>	<u>RSVP Account</u>	<u>Application Fee</u>	<u>Senior Craft Account</u>	<u>Special Jail Account</u>	<u>Real Property Account</u>	<u>Recycling Account</u>	<u>Total General Fund</u>
ASSETS									
Cash and cash equivalents	\$ 7,796	\$ 547,883	\$ 19,710	\$ 65,920	\$ -	\$ 55,674	\$ 2,275	\$ 131,866	\$ 5,488,049
Investments	-	-	-	-	-	-	-	-	735,286
Receivables:									
Accounts receivable	-	44,520	-	-	-	-	-	-	392,688
Accrued interest receivable	-	-	-	-	-	-	-	-	7,995
Due from other funds	-	-	-	-	-	-	-	-	131,010
Due from other accounts	-	-	-	-	-	-	-	-	38,937
Due from other governments	-	-	14,915	-	-	-	-	-	8,768,230
Inventory	-	-	-	-	-	-	-	-	404,673
Total assets	<u>7,796</u>	<u>592,403</u>	<u>34,625</u>	<u>65,920</u>	<u>-</u>	<u>55,674</u>	<u>2,275</u>	<u>131,866</u>	<u>15,966,868</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	-	9,505	7,985	-	-	-	-	-	1,795,529
Due to other accounts	-	-	37,078	-	-	-	-	-	38,937
Total liabilities	<u>-</u>	<u>9,505</u>	<u>45,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,834,466</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,777</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	404,673
Committed	-	-	-	-	-	-	-	-	1,319,683
Assigned	7,796	582,898	-	65,920	-	55,674	2,275	131,866	1,821,633
Unassigned (deficit)	-	-	(10,438)	-	-	-	-	-	10,485,636
Total fund balances (deficit)	<u>7,796</u>	<u>582,898</u>	<u>(10,438)</u>	<u>65,920</u>	<u>-</u>	<u>55,674</u>	<u>2,275</u>	<u>131,866</u>	<u>14,031,625</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,796</u>	<u>\$ 592,403</u>	<u>\$ 34,625</u>	<u>\$ 65,920</u>	<u>\$ -</u>	<u>\$ 55,674</u>	<u>\$ 2,275</u>	<u>\$ 131,866</u>	<u>\$ 15,966,868</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2015

	<u>General Fund</u>	<u>Hunting and Fishing Account</u>	<u>Reserve Account</u>	<u>Insurance Proceeds Account</u>	<u>Payroll Claims Account</u>	<u>Adult Softball Account</u>	<u>Court Credit Card Maint. Account</u>	<u>Animal License Account</u>
REVENUES								
Taxes	\$ 47,394,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,995,190	-	-	-	-	-	-	-
Charges for services	370,834	-	-	-	-	2,795	-	-
Fines and forfeitures	1,599,294	-	-	-	-	-	635,486	2,753
Licenses and permits	899,788	52,306	-	-	-	-	-	51,956
Investment income	78,977	-	6,049	-	-	-	-	-
Miscellaneous	573,016	-	-	66,749	-	-	-	-
Total revenues	<u>55,911,585</u>	<u>52,306</u>	<u>6,049</u>	<u>66,749</u>	<u>-</u>	<u>2,795</u>	<u>635,486</u>	<u>54,709</u>
EXPENDITURES								
Current:								
General government	7,435,743	-	159,315	1,124	-	-	6,770	-
Public safety	31,804,088	-	-	-	-	-	-	17,014
Public works and streets	7,471,870	-	-	-	-	-	-	-
Culture and recreation	5,524,181	464,387	-	-	-	4,053	-	-
Capital Outlay	410,386	11,200	-	130,821	-	-	-	-
Total expenditures	<u>52,646,268</u>	<u>475,587</u>	<u>159,315</u>	<u>131,945</u>	<u>-</u>	<u>4,053</u>	<u>6,770</u>	<u>17,014</u>
Excess (deficiency) of revenues over expenditures	<u>3,265,317</u>	<u>(423,281)</u>	<u>(153,266)</u>	<u>(65,196)</u>	<u>-</u>	<u>(1,258)</u>	<u>628,716</u>	<u>37,695</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	21,403,723	-	-	-	-	-	-	-
Transfers out	(24,274,228)	-	-	-	-	-	(39,748)	-
Transfers in - interaccount	687,946	435,000	-	-	-	-	-	-
Transfers out - interaccount	(485,462)	-	-	-	-	-	(670,495)	-
Total other financing sources and uses	<u>(2,668,021)</u>	<u>435,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(710,243)</u>	<u>-</u>
Net change in fund balances	597,296	11,719	(153,266)	(65,196)	-	(1,258)	(81,527)	37,695
Fund balances - beginning	10,306,908	(15,176)	1,472,949	212,189	-	48,711	431,639	392,951
Fund balances (deficit) - ending	<u>\$ 10,904,204</u>	<u>\$ (3,457)</u>	<u>\$ 1,319,683</u>	<u>\$ 146,993</u>	<u>\$ -</u>	<u>\$ 47,453</u>	<u>\$ 350,112</u>	<u>\$ 430,646</u>

(Continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended June 30, 2015,
(Continued)

	Elmer Thomas Park Account	Stormwater Mitigation	RSVP Account	Application Fee	Senior Craft Account	Special Jail Account	Real Property Account	Recycling Account	Total General Fund
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,394,486
Intergovernmental	-	-	56,078	-	-	-	-	-	5,051,268
Charges for services	-	-	-	-	-	-	-	41,060	414,689
Fines and forfeitures	-	-	-	-	-	26,215	-	-	2,263,748
Licenses and permits	-	-	-	7,861	-	-	-	-	1,011,911
Investment income	-	-	49	-	-	-	-	-	85,075
Miscellaneous	-	334,683	-	-	-	-	-	-	974,448
Total revenues	-	334,683	56,127	7,861	-	26,215	-	41,060	57,195,625
EXPENDITURES									
Current:									
General government	-	-	-	3,396	-	-	-	-	7,606,348
Public safety	-	-	-	-	-	21,317	-	-	31,842,419
Public works and streets	-	297,140	-	-	-	-	-	-	7,769,010
Culture and recreation	-	-	100,854	-	-	-	-	-	6,093,475
Capital Outlay	-	5,400	-	-	-	-	-	-	557,807
Total expenditures	-	302,540	100,854	3,396	-	21,317	-	-	53,869,059
Excess (deficiency) of revenues over expenditures	-	32,143	(44,727)	4,465	-	4,898	-	41,060	3,326,566
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	21,403,723
Transfers out	-	-	-	-	-	-	-	-	(24,313,976)
Transfers in - interaccount	-	-	50,462	-	(86)	-	-	-	1,173,322
Transfers out - interaccount	-	-	-	-	-	(17,365)	-	-	(1,173,322)
Total other financing sources and uses	-	-	50,462	-	(86)	(17,365)	-	-	(2,910,253)
Net change in fund balances	-	32,143	5,735	4,465	(86)	(12,467)	-	41,060	416,313
Fund balances - beginning	7,796	550,755	(16,173)	61,455	86	68,141	2,275	90,806	13,615,312
Fund balances (deficit) - ending	\$ 7,796	\$ 582,898	\$ (10,438)	\$ 65,920	\$ -	\$ 55,674	\$ 2,275	\$ 131,866	\$ 14,031,625

CITY OF LAWTON, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015

	SPECIAL REVENUE FUNDS							
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	HOME INVESTMENT CDBG	LAWTON URBAN HOUSING	POLICE GRANT	PARK FEE FUND	
ASSETS								
Cash and cash equivalents	\$ 1,686	\$ 163,080	\$ 594,206	\$ 1,927	\$ 237	\$ 7,123	\$ 19,085	\$ 157,720
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	-	-	-	-	-	6,426
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	5,331	-	26,457	3,858	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 7,017</u>	<u>\$ 163,080</u>	<u>\$ 620,663</u>	<u>\$ 5,785</u>	<u>\$ 237</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 164,146</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 2,795	\$ -	\$ 12,062	\$ 921	\$ -	\$ -	\$ -	\$ 1,415
Due to other funds	-	-	2,430	415	-	-	-	-
Total liabilities	<u>2,795</u>	<u>-</u>	<u>14,492</u>	<u>1,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415</u>
Fund balances:								
Restricted	4,222	163,080	606,171	4,449	237	7,123	19,085	162,731
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>4,222</u>	<u>163,080</u>	<u>606,171</u>	<u>4,449</u>	<u>237</u>	<u>7,123</u>	<u>19,085</u>	<u>162,731</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,017</u>	<u>\$ 163,080</u>	<u>\$ 620,663</u>	<u>\$ 5,785</u>	<u>\$ 237</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 164,146</u>

(continued)

CITY OF LAWTON, OKLAHOMA
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As of and for the Year Ended June 30, 2015

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	POLICE SENTINEL	FIRE PREVENTION EDUCATION
ASSETS								
Cash and cash equivalents	\$ 95,186	\$ 127,339	\$ 175,302	\$ 35,918	\$ 1,191	\$ 83,416	\$ -	\$ 12,276
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	98	130,843	-	-	-	33,405	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 95,284</u>	<u>\$ 258,182</u>	<u>\$ 175,302</u>	<u>\$ 35,918</u>	<u>\$ 1,191</u>	<u>\$ 116,821</u>	<u>\$ -</u>	<u>\$ 12,276</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 163,265	\$ -	\$ 11,271	\$ -	\$ 55,565	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>163,265</u>	<u>-</u>	<u>11,271</u>	<u>-</u>	<u>55,565</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	95,284	94,917	175,302	24,647	1,191	61,256	-	12,276
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>95,284</u>	<u>94,917</u>	<u>175,302</u>	<u>24,647</u>	<u>1,191</u>	<u>61,256</u>	<u>-</u>	<u>12,276</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 95,284</u>	<u>\$ 258,182</u>	<u>\$ 175,302</u>	<u>\$ 35,918</u>	<u>\$ 1,191</u>	<u>\$ 116,821</u>	<u>\$ -</u>	<u>\$ 12,276</u>

(continued)

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	PRIOR TO 1972	GRANTS GIFTS	MCMAHON AUTHORITY GRANTS	DRAINAGE MAINTENANCE FUND	ANIMAL DONATION FUND	LETA BEAUTIFICATIO N	CEMETERY REWARD	CENTENNIAL FUND
ASSETS								
Cash and cash equivalents	\$ 906,576	\$ 2,609	\$ 203,415	\$ 1,060,996	\$ 19,652	\$ 56,723	\$ 5,500	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	-	-	-	91,898	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	81,587	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 988,163</u>	<u>\$ 2,609</u>	<u>\$ 203,415</u>	<u>\$ 1,152,894</u>	<u>\$ 19,652</u>	<u>\$ 56,723</u>	<u>\$ 5,500</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 14,788	\$ -	\$ 17,379	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,788</u>	<u>-</u>	<u>17,379</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	988,163	2,609	203,415	1,138,106	19,652	-	5,500	-
Committed	-	-	-	-	-	39,344	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>988,163</u>	<u>2,609</u>	<u>203,415</u>	<u>1,138,106</u>	<u>19,652</u>	<u>39,344</u>	<u>5,500</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 988,163</u>	<u>\$ 2,609</u>	<u>\$ 203,415</u>	<u>\$ 1,152,894</u>	<u>\$ 19,652</u>	<u>\$ 56,723</u>	<u>\$ 5,500</u>	<u>\$ -</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	FEDERAL GRANT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND
ASSETS								
Cash and cash equivalents	\$ 656,155	\$ 29,177	\$ 29,592	\$ 1,823,836	\$ 1,051,731	\$ 24,425	\$ 874,048	\$ 431,089
Investments	-	-	-	-	-	-	-	-
Receivables:								
Accounts receivable	110,296	-	154	-	-	525	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Advance to component unit	114,328	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	207,691	4,252	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	<u>\$ 880,779</u>	<u>\$ 29,177</u>	<u>\$ 237,437</u>	<u>\$ 1,828,088</u>	<u>\$ 1,051,731</u>	<u>\$ 24,950</u>	<u>\$ 874,048</u>	<u>\$ 431,089</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 165,216	\$ -	\$ -	\$ 22,931	\$ 4,000	\$ -	\$ 53,086	\$ 6,188
Due to other funds	-	-	1,272	126,823	-	-	-	-
Total liabilities	<u>165,216</u>	<u>-</u>	<u>1,272</u>	<u>149,754</u>	<u>4,000</u>	<u>-</u>	<u>53,086</u>	<u>6,188</u>
Fund balances:								
Restricted	715,563	29,177	236,165	1,678,334	1,047,731	-	820,962	424,901
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	24,950	-	-
Total fund balances	<u>715,563</u>	<u>29,177</u>	<u>236,165</u>	<u>1,678,334</u>	<u>1,047,731</u>	<u>24,950</u>	<u>820,962</u>	<u>424,901</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 880,779</u>	<u>\$ 29,177</u>	<u>\$ 237,437</u>	<u>\$ 1,828,088</u>	<u>\$ 1,051,731</u>	<u>\$ 24,950</u>	<u>\$ 874,048</u>	<u>\$ 431,089</u>

(continued)

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS							TOTALS
	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY	TIF FUND	LAWTON PS SALES TAX	CIP	CAPITAL OUTLAY ROLLING STOCK	2005 CIP Fund	CAPITAL IMPROVEMENT FUND 2008	AD Valorem 2005	AD Valorem 2012	2015 CIP	
ASSETS											
Cash and cash equivalents	\$ 723	\$ 281,785	\$ -	\$ 543,894	\$ 2,807,577	\$ 2,305,355	\$ 6,004,650	\$ 651,807	\$ 2,679,508	\$ 3,130,262	\$ 27,056,777
Investments	-	-	-	450,173	-	2,945,604	-	-	-	-	3,395,777
Receivables:											
Accounts receivable	-	-	-	23,682	-	-	-	-	-	-	397,327
Accrued interest receivable	-	-	-	128	-	2,381	-	-	-	-	2,509
Advance to component unit	-	-	-	299,994	-	-	-	-	-	-	414,322
Due from other funds	-	-	-	-	-	-	796,761	-	-	-	796,761
Due from other governments	-	-	-	167,872	-	-	-	-	-	-	497,048
Inventory	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 723</u>	<u>\$ 281,785</u>	<u>\$ -</u>	<u>\$ 1,485,743</u>	<u>\$ 2,807,577</u>	<u>\$ 5,253,340</u>	<u>\$ 6,801,411</u>	<u>\$ 651,807</u>	<u>\$ 2,679,508</u>	<u>\$ 3,130,262</u>	<u>\$ 32,560,521</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ 118,603	\$ -	\$ 38,707	\$ 8,635	\$ 215,647	\$ 449,345	\$ -	\$ 157,479	\$ 4,967	\$ 1,524,265
Due to other funds	-	-	-	-	-	-	-	-	-	-	130,940
Total liabilities	<u>-</u>	<u>118,603</u>	<u>-</u>	<u>38,707</u>	<u>8,635</u>	<u>215,647</u>	<u>449,345</u>	<u>-</u>	<u>157,479</u>	<u>4,967</u>	<u>1,655,205</u>
Fund balances:											
Restricted	723	163,182	-	-	-	5,037,693	6,352,066	651,807	2,522,029	3,125,295	26,595,044
Committed	-	-	-	-	-	-	-	-	-	-	39,344
Assigned	-	-	-	1,447,036	2,798,942	-	-	-	-	-	4,270,928
Total fund balances	<u>723</u>	<u>163,182</u>	<u>-</u>	<u>1,447,036</u>	<u>2,798,942</u>	<u>5,037,693</u>	<u>6,352,066</u>	<u>651,807</u>	<u>2,522,029</u>	<u>3,125,295</u>	<u>30,905,316</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 723</u>	<u>\$ 281,785</u>	<u>\$ -</u>	<u>\$ 1,485,743</u>	<u>\$ 2,807,577</u>	<u>\$ 5,253,340</u>	<u>\$ 6,801,411</u>	<u>\$ 651,807</u>	<u>\$ 2,679,508</u>	<u>\$ 3,130,262</u>	<u>\$ 32,560,521</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS							
	PUBLIC LIBRARY	SMALL BUSINESS LOAN	CDBG	HOME INVESTMENT CDBG	LAWTON URBAN HOUSING	POLICE GRANT	PARK FEE FUND	NARCOTICS FUND
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	55,709	-	724,077	225,098	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	372	130	-	-	-	-	-
Miscellaneous	4,885	-	14,262	24,310	-	-	-	39,906
Total revenues	<u>60,594</u>	<u>372</u>	<u>738,469</u>	<u>249,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,906</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	40,958
Public works and streets	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Culture and recreation	10,098	-	-	-	-	-	-	-
Community development	-	-	537,165	246,613	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	54,451	-	39,321	-	-	-	-	11,174
Debt Service								
Principal	-	-	72,000	-	-	-	-	-
Interest and fiscal charges	-	-	79,687	-	-	-	-	-
Total expenditures	<u>64,549</u>	<u>-</u>	<u>728,173</u>	<u>246,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,132</u>
Excess (deficiency) of revenues over expenditures	<u>(3,955)</u>	<u>372</u>	<u>10,296</u>	<u>2,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,226)</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,955)	372	10,296	2,795	-	-	-	(12,226)
Fund balances - beginning	8,177	162,708	595,875	1,654	237	7,123	19,085	174,957
Fund balances - ending	<u>\$ 4,222</u>	<u>\$ 163,080</u>	<u>\$ 606,171</u>	<u>\$ 4,449</u>	<u>\$ 237</u>	<u>\$ 7,123</u>	<u>\$ 19,085</u>	<u>\$ 162,731</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	ANIMAL SHELTER FUND	EMERGENCY 911	CEMETERY CARE	OFFICERS TRAINING	LAWTON PARKING AUTHORITY	STATE LANDFILL FUND	POLICE SENTINEL	FIRE PREVENTION EDUCATION
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	272,206	-	-	-	-	-	-
Charges for services	32,954	-	15,413	-	-	178,738	-	-
Fines and forfeitures	-	-	-	136,241	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	496,819	13,000	-	-	-	-	-
Total revenues	<u>32,954</u>	<u>769,025</u>	<u>28,413</u>	<u>136,241</u>	<u>-</u>	<u>178,738</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	3,590	-	-	191,764	-	-
Public safety	34,269	1,495,659	-	179,032	-	-	-	-
Public works and streets	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	24,860	164,988	44,947	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>59,129</u>	<u>1,660,647</u>	<u>48,537</u>	<u>179,032</u>	<u>-</u>	<u>191,764</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(26,175)</u>	<u>(891,622)</u>	<u>(20,124)</u>	<u>(42,791)</u>	<u>-</u>	<u>(13,026)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Transfers in	383	890,000	-	130	-	-	-	-
Transfers out	-	-	-	(3,833)	-	-	(1,019)	-
Total other financing sources and uses	<u>383</u>	<u>890,000</u>	<u>-</u>	<u>(3,703)</u>	<u>-</u>	<u>-</u>	<u>(1,019)</u>	<u>-</u>
Net change in fund balances	(25,792)	(1,622)	(20,124)	(46,494)	-	(13,026)	(1,019)	-
Fund balances - beginning	121,076	96,539	195,426	71,141	1,191	74,282	1,019	12,276
Fund balances - ending	<u>\$ 95,284</u>	<u>\$ 94,917</u>	<u>\$ 175,302</u>	<u>\$ 24,647</u>	<u>\$ 1,191</u>	<u>\$ 61,256</u>	<u>\$ -</u>	<u>\$ 12,276</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	<u>PRIOR TO 1972</u>	<u>GRANTS GIFTS</u>	<u>MCPHON AUTHORITY GRANTS</u>	<u>DRAINAGE MAINTENANCE FUND</u>	<u>ANIMAL DONATION FUND</u>	<u>LETA BEAUTIFICATION</u>	<u>CEMETERY REWARD</u>	<u>CENTENNIAL FUND</u>
REVENUES								
Taxes	\$ 4,144,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	772,876	-	33,290	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	179,500	-	2,016	-	-	-
Total revenues	<u>4,144,751</u>	<u>-</u>	<u>179,500</u>	<u>772,876</u>	<u>2,016</u>	<u>33,290</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	41,445	-	-
Public safety	-	-	-	-	1,920	-	-	-
Public works and streets	-	-	-	645,298	-	-	-	-
Education	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	333,730	-	-	-	-
Debt Service								
Principal	3,635,682	-	-	-	-	-	-	-
Interest and fiscal charges	620,180	-	-	-	-	-	-	-
Total expenditures	<u>4,255,862</u>	<u>-</u>	<u>-</u>	<u>979,028</u>	<u>1,920</u>	<u>41,445</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(111,111)</u>	<u>-</u>	<u>179,500</u>	<u>(206,152)</u>	<u>96</u>	<u>(8,155)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Debt proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	12,835	-	-
Transfers out	-	-	-	-	-	-	-	(7,101)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,835</u>	<u>-</u>	<u>(7,101)</u>
Net change in fund balances	(111,111)	-	179,500	(206,152)	96	4,680	-	(7,101)
Fund balances - beginning	1,099,274	2,609	23,915	1,344,258	19,556	34,664	5,500	7,101
Fund balances - ending	<u>\$ 988,163</u>	<u>\$ 2,609</u>	<u>\$ 203,415</u>	<u>\$ 1,138,106</u>	<u>\$ 19,652</u>	<u>\$ 39,344</u>	<u>\$ 5,500</u>	<u>\$ -</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS							
	HOTEL/MOTEL TAX FUND	PROJECT IMPACT	MASS TRANSIT FUND	FEDERAL GRANT FUND	IMPACT FEES	RENTAL REVENUE	CELLULAR SERVICE FEE FUND	POLICE AND FIRE TRAINING FUND
REVENUES								
Taxes	\$ 1,277,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,346,241	190,161	-	-	-	-
Charges for services	-	-	412,211	-	155,000	17,075	545,660	-
Fines and forfeitures	-	-	-	-	-	-	-	79,545
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	95,851	-	-	-	-	-
Total revenues	<u>1,277,648</u>	<u>-</u>	<u>1,854,303</u>	<u>190,161</u>	<u>155,000</u>	<u>17,075</u>	<u>545,660</u>	<u>79,545</u>
EXPENDITURES								
Current:								
General government	-	-	-	12,162	16,000	6,025	639,378	-
Public safety	-	-	-	261,840	-	-	-	112,672
Public works and streets	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Culture and recreation	1,169,782	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transportation	-	-	2,630,720	-	-	-	-	-
Capital Outlay	-	-	-	103,504	83,102	-	10,244	4,358
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>1,169,782</u>	<u>-</u>	<u>2,630,720</u>	<u>377,506</u>	<u>99,102</u>	<u>6,025</u>	<u>649,622</u>	<u>117,030</u>
Excess (deficiency) of revenues over expenditures	<u>107,866</u>	<u>-</u>	<u>(776,417)</u>	<u>(187,345)</u>	<u>55,898</u>	<u>11,050</u>	<u>(103,962)</u>	<u>(37,485)</u>
OTHER FINANCING SOURCES (USES)								
Debt issuance cost	-	-	-	-	-	-	-	-
Transfers in	-	-	870,000	-	-	-	-	27,419
Transfers out	-	-	(16,536)	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>853,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,419</u>
Net change in fund balances	107,866	-	77,047	(187,345)	55,898	11,050	(103,962)	(10,066)
Fund balances - beginning	607,697	29,177	159,118	1,865,679	991,833	13,900	924,924	434,967
Fund balances - ending	<u>\$ 715,563</u>	<u>\$ 29,177</u>	<u>\$ 236,165</u>	<u>\$ 1,678,334</u>	<u>\$ 1,047,731</u>	<u>\$ 24,950</u>	<u>\$ 820,962</u>	<u>\$ 424,901</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2015, (Continued)

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS						TOTALS
	LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY	TIF FUND	LAWTON PS SALES TAX	CIP	CAPITAL OUTLAY ROLLING STOCK	2005 CIP Fund	CAPITAL IMPROVEMENT FUND 2008	AD Valorem 2005	AD Valorem 2012	2015 CIP	
REVENUES											
Taxes	\$ -	\$ -	\$ 3,746,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	351,543	-	-	1,144,656	-	-	-	-
Charges for services	-	-	-	112,457	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	3,021	-	33,778	908	2,493	19,655	1,218	-
Miscellaneous	-	-	-	179,371	-	400	-	-	-	-	-
Total revenues	-	-	3,746,499	646,392	-	34,178	1,145,564	2,493	19,655	1,218	17,081,944
EXPENDITURES											
Current:											
General government	-	1,057,255	-	103,783	-	-	-	-	-	281,758	2,353,160
Public safety	-	-	-	-	-	-	-	-	-	-	2,126,350
Public works and streets	-	-	-	-	-	-	-	-	-	-	645,298
Education	-	-	3,746,499	-	-	-	-	-	-	833,333	4,579,832
Culture and recreation	-	-	-	-	-	-	-	-	-	-	1,179,880
Community development	-	-	-	-	-	-	-	-	-	-	783,778
Transportation	-	-	-	-	-	-	-	-	-	-	2,630,720
Capital Outlay	-	-	-	914,071	5,539,712	1,535,460	1,782,928	76,217	496,027	7,331	11,226,425
Debt Service											
Principal	75,829	-	-	-	-	-	-	-	-	-	3,783,511
Interest and fiscal charges	18,221	-	-	-	-	-	-	-	-	2,411	720,499
Total expenditures	94,050	1,057,255	3,746,499	1,017,854	5,539,712	1,535,460	1,782,928	76,217	496,027	1,124,833	30,029,453
Excess (deficiency) of revenues over expenditures	(94,050)	(1,057,255)	-	(371,462)	(5,539,712)	(1,501,282)	(637,364)	(73,724)	(476,372)	(1,123,615)	(12,947,509)
OTHER FINANCING SOURCES (USES)											
Debt proceeds	-	-	-	-	1,352,925	-	-	-	-	281,758	1,634,683
Transfers in	94,050	1,433,619	-	-	2,915,171	-	10,369,151	-	-	3,969,899	20,582,657
Transfers out	-	-	-	-	-	(304,259)	(3,376,101)	-	-	(2,747)	(3,711,596)
Total other financing sources and uses	94,050	1,433,619	-	-	4,268,096	(304,259)	6,993,050	-	-	4,248,910	18,505,744
Net change in fund balances	-	376,364	-	(371,462)	(1,271,616)	(1,805,541)	6,355,686	(73,724)	(476,372)	3,125,295	5,558,235
Fund balances - beginning	723	(213,182)	-	1,818,498	4,070,558	6,843,234	(3,620)	725,531	2,998,401	-	25,347,081
Fund balances - ending	\$ 723	\$ 163,182	\$ -	\$ 1,447,036	\$ 2,798,942	\$ 5,037,693	\$ 6,352,066	\$ 651,807	\$ 2,522,029	\$ 3,125,295	\$ 30,905,316

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Net Position – Lawton Water Authority Enterprise Fund – June 30, 2015

	<u>Sewer System Tech</u>	<u>1972 & After</u>	<u>Enterprise Account</u>	<u>Lawton Water Authority</u>	<u>Sewer Maintenance Program</u>	<u>Landfill Financial Assurance</u>	<u>Pumping Fee Fund</u>	<u>Water Meter Fund</u>	<u>Waurika Payments</u>	<u>Total</u>
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 3,295,923	\$ 1,635,135	\$ 161,302	\$ 499	\$ 22,468	\$ 600,160	\$ (28,339)	\$ 140	\$ 792,057	\$ 6,479,345
Cash and cash equivalents, restricted	-	-	-	18,530,248	-	-	-	-	-	18,530,248
Investments	-	250,147	-	-	-	-	-	-	-	250,147
Investments, restricted	-	-	-	-	-	153,836	-	-	-	153,836
Accounts receivable, net	-	-	-	4,884,678	9,833	-	28,068	-	370,094	5,292,673
Interest receivable	-	34	-	-	-	-	-	-	-	34
Total current assets	<u>3,295,923</u>	<u>1,885,316</u>	<u>161,302</u>	<u>23,415,425</u>	<u>32,301</u>	<u>753,996</u>	<u>(271)</u>	<u>140</u>	<u>1,162,151</u>	<u>30,706,283</u>
Non-current assets:										
Cash and cash equivalents, restricted	-	-	-	260,005	-	-	-	-	-	260,005
Land and construction in progress	5,875	-	31,074,723	-	-	-	-	-	-	31,080,598
Other capital assets, net	1,563,717	-	150,410,759	30,349,768	377,297	-	-	-	-	182,701,541
Total non-current assets	<u>1,569,592</u>	<u>-</u>	<u>181,485,482</u>	<u>30,609,773</u>	<u>377,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,042,144</u>
Total assets	<u>4,865,515</u>	<u>1,885,316</u>	<u>181,646,784</u>	<u>54,025,198</u>	<u>409,598</u>	<u>753,996</u>	<u>(271)</u>	<u>140</u>	<u>1,162,151</u>	<u>244,748,427</u>
DEFERRED OUTFLOW OF RESOURCES										
Deferred amounts related to pension	146,420	-	620,054	-	38,690	-	-	-	-	805,164
LIABILITIES										
Current liabilities:										
Accounts payable and accrued liabilities	161,080	-	733,138	-	19,368	-	195	-	56,727	970,508
Accrued interest payable	-	-	-	682,168	-	-	-	-	-	682,168
Due to other funds	-	-	-	6,273,148	-	-	-	-	-	6,273,148
Accrued compensated absences	13,711	-	80,903	-	-	-	-	-	-	94,614
Landfill post closure liability	-	-	473,642	-	-	-	-	-	-	473,642
Contract payable - Waurika note	-	-	-	1,142,720	-	-	-	-	-	1,142,720
Worker's compensation liability	-	-	443,430	-	-	-	-	-	-	443,430
Notes payable	-	-	-	1,093,579	-	-	-	-	-	1,093,579
Revenue bonds payable	-	-	-	4,694,242	-	-	-	-	-	4,694,242
Total current liabilities	<u>174,791</u>	<u>-</u>	<u>1,731,113</u>	<u>13,885,857</u>	<u>19,368</u>	<u>-</u>	<u>195</u>	<u>-</u>	<u>56,727</u>	<u>15,868,051</u>
Non-current liabilities:										
Accrued compensated absences	101,021	-	596,107	-	-	-	-	-	-	697,128
Landfill post closure liability	-	-	4,719,941	-	-	-	-	-	-	4,719,941
Contract payable - Waurika note	-	-	-	26,351,884	-	-	-	-	-	26,351,884
Worker's compensation liability	-	-	443,429	-	-	-	-	-	-	443,429
OPEB obligation	-	-	1,261,200	-	-	-	-	-	-	1,261,200
Notes payable	-	-	-	12,724,321	-	-	-	-	-	12,724,321
Revenue bond payable, net	-	-	-	23,485,000	-	-	-	-	-	23,485,000
Net pension liability	1,581,741	-	6,698,280	-	417,963	-	-	-	-	8,697,984
Total non-current liabilities	<u>1,682,762</u>	<u>-</u>	<u>13,718,957</u>	<u>62,561,205</u>	<u>417,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,380,887</u>
Total liabilities	<u>1,857,553</u>	<u>-</u>	<u>15,450,070</u>	<u>76,447,062</u>	<u>437,331</u>	<u>-</u>	<u>195</u>	<u>-</u>	<u>56,727</u>	<u>94,248,938</u>
DEFERRED INFLOW OF RESOURCES										
Deferred amounts related to pensions	112,153	-	474,939	-	29,635	-	-	-	-	616,727
NET POSITION										
Net investment in capital assets	1,569,592	-	181,485,482	(28,310,583)	377,297	-	-	-	-	155,121,788
Restricted for debt service	-	1,885,316	-	2,332,986	-	-	-	-	-	4,218,302
Restricted for landfill financial assurance	-	-	-	-	-	153,836	-	-	-	153,836
Unrestricted (deficit)	1,472,637	-	(15,143,653)	3,555,733	(395,975)	600,160	(466)	140	1,105,424	(8,806,000)
Total net position	<u>\$ 3,042,229</u>	<u>\$ 1,885,316</u>	<u>\$ 166,341,829</u>	<u>\$ (22,421,864)</u>	<u>\$ (18,678)</u>	<u>\$ 753,996</u>	<u>\$ (466)</u>	<u>\$ 140</u>	<u>\$ 1,105,424</u>	<u>\$ 150,687,926</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Lawton Water Authority Enterprise Fund – Year ended June 30, 2015

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
REVENUES										
Charges for services	\$ -	\$ -	\$ -	\$ 39,615,313	\$ -	\$ -	\$ 795,364	\$ -	\$ 3,056,194	\$ 43,466,871
Other sources	-	-	-	166,946	-	-	-	-	-	166,946
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,782,259</u>	<u>-</u>	<u>-</u>	<u>795,364</u>	<u>-</u>	<u>3,056,194</u>	<u>43,633,817</u>
OPERATING EXPENSES										
Public works operations	1,224,916	-	13,721,566	243,824	539,317	649	700,424	-	825,236	17,255,932
Depreciation expense	351,770	-	8,353,498	391,150	67,800	-	-	-	-	9,164,218
Landfill closure expense	-	-	433,750	-	-	-	-	-	-	433,750
Total operating expenses	<u>1,576,686</u>	<u>-</u>	<u>22,508,814</u>	<u>634,974</u>	<u>607,117</u>	<u>649</u>	<u>700,424</u>	<u>-</u>	<u>825,236</u>	<u>26,853,900</u>
Operating income (loss)	<u>(1,576,686)</u>	<u>-</u>	<u>(22,508,814)</u>	<u>39,147,285</u>	<u>(607,117)</u>	<u>(649)</u>	<u>94,940</u>	<u>-</u>	<u>2,230,958</u>	<u>16,779,917</u>
NON-OPERATING REVENUES (EXPENSES)										
Investment income	3,609	1,924	-	107,396	-	1	-	-	-	112,930
Interest expense and fiscal charges	-	-	-	(1,679,031)	-	-	-	-	(1,132,988)	(2,812,019)
Bond issuance cost	-	-	-	(39,242)	-	-	-	-	-	(39,242)
Gain (Loss) on asset retirement	(1,193)	-	166,909	-	-	-	-	-	-	165,716
Other non-operating revenue	-	-	-	5,542	-	-	-	-	-	5,542
Total non-operating revenue (expenses)	<u>2,416</u>	<u>1,924</u>	<u>166,909</u>	<u>(1,605,335)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(1,132,988)</u>	<u>(2,567,073)</u>
Income (loss) before contributions and transfers	<u>(1,574,270)</u>	<u>1,924</u>	<u>(22,341,905)</u>	<u>37,541,950</u>	<u>(607,117)</u>	<u>(648)</u>	<u>94,940</u>	<u>-</u>	<u>1,097,970</u>	<u>14,212,844</u>
Capital asset transfers in and contributions	55,468	-	7,247,270	-	344,136	-	-	-	-	7,646,874
Interaccount transfers in	5,635,430	972,155	38,234,333	2,200,790	118,000	-	-	-	-	47,160,708
Interaccount transfers out	(3,753,712)	(1,042,216)	-	(41,206,206)	-	-	-	-	(1,158,574)	(47,160,708)
Transfers in	2,637,742	-	-	7,335,667	375,000	-	-	-	-	10,348,409
Transfers out	-	-	(21,212,949)	(14,152,667)	-	-	-	-	-	(35,365,616)
Change in net position	<u>3,000,658</u>	<u>(68,137)</u>	<u>1,926,749</u>	<u>(8,280,466)</u>	<u>230,019</u>	<u>(648)</u>	<u>94,940</u>	<u>-</u>	<u>(60,604)</u>	<u>(3,157,489)</u>
Total net position (deficit) - beginning, restated	<u>41,571</u>	<u>1,953,453</u>	<u>164,415,080</u>	<u>(14,141,398)</u>	<u>(248,697)</u>	<u>754,644</u>	<u>(95,406)</u>	<u>140</u>	<u>1,166,028</u>	<u>153,845,415</u>
Total net position (deficit) - ending	<u>\$ 3,042,229</u>	<u>\$ 1,885,316</u>	<u>\$ 166,341,829</u>	<u>\$ (22,421,864)</u>	<u>\$ (18,678)</u>	<u>\$ 753,996</u>	<u>\$ (466)</u>	<u>\$ 140</u>	<u>\$ 1,105,424</u>	<u>\$ 150,687,926</u>

CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

Combining Cash Flow Statement – Lawton Water Authority Enterprise Fund – Year ended June 30, 2015

	Enterprise Fund									Total
	Sewer System Tech	1972 & After	Enterprise Account	Lawton Water Authority	Sewer Maintenance Program	Landfill Financial Assurance	Pumping Fee Fund	Water Meter Fund	Waurika Payments	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ -	\$ -	\$ -	\$ 40,047,726	\$ 124	\$ -	\$ 779,496	\$ -	\$ 3,046,801	\$ 43,874,147
Payments to suppliers	(1,103,213)	-	(6,522,050)	(243,824)	(62,477)	(649)	(748,399)	-	(816,042)	(9,496,654)
Payments to employees	(314,368)	-	(7,065,514)	-	(457,096)	-	-	-	-	(7,836,978)
Receipts from interfund loan	-	-	323	4,502,839	-	-	-	-	-	4,503,162
Net cash provided by (used in) operating activities	(1,417,581)	-	(13,587,241)	44,306,741	(519,449)	(649)	31,097	-	2,230,759	31,043,677
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from other funds	2,637,742	-	-	7,335,667	375,000	-	-	-	-	10,348,409
Transfers to other funds	-	-	(21,212,949)	(14,152,667)	-	-	-	-	-	(35,365,616)
Interaccount transfer in	5,635,430	972,155	34,480,621	2,200,790	118,000	-	-	-	-	43,406,996
Interaccount transfer out	(3,753,712)	(1,042,216)	-	(41,206,206)	-	-	-	-	(1,158,574)	(47,160,708)
Net cash provided by (used in) noncapital financing activities	4,519,460	(70,061)	13,267,672	(45,822,416)	493,000	-	-	-	(1,158,574)	(28,770,919)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital assets purchased	(882,386)	-	(108,330)	-	-	-	-	-	-	(990,716)
Principal paid on debt	-	-	-	(34,782,895)	-	-	-	-	-	(34,782,895)
Proceeds from debt	-	-	-	39,242	-	-	-	-	-	39,242
Issuance cost paid	-	-	-	(39,242)	-	-	-	-	-	(39,242)
Interest and fiscal agent fees paid on debt	-	-	-	(2,230,568)	-	-	-	-	(1,132,988)	(3,363,556)
Net cash provided by (used in) capital and related financing activities	(882,386)	-	(108,330)	(37,013,463)	-	-	-	-	(1,132,988)	(39,137,167)
CASH FLOWS FROM INVESTING ACTIVITIES										
Sale (Purchase) of investments, net	-	249,783	-	22,996,610	-	(2)	-	-	-	23,246,391
Interest and dividends	3,609	1,968	-	107,396	-	1	-	-	-	112,974
Net cash provided by (used in) investing activities	3,609	251,751	-	23,104,006	-	(1)	-	-	-	23,359,365
Net increase (decrease) in cash and cash equivalents	2,223,102	181,690	(427,899)	(15,425,132)	(26,449)	(650)	31,097	-	(60,803)	(13,505,044)
Balances - beginning of year	1,072,821	1,453,445	589,201	34,215,884	48,917	600,810	(59,436)	140	852,860	38,774,642
Balances - end of year	\$ 3,295,923	\$ 1,635,135	\$ 161,302	\$ 18,790,752	\$ 22,468	\$ 600,160	\$ (28,339)	\$ 140	\$ 792,057	\$ 25,269,598
Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$ 3,295,923	\$ 1,635,135	\$ 161,302	\$ 499	\$ 22,468	\$ 600,160	\$ (28,339)	\$ 140	\$ 792,057	\$ 6,479,345
Restricted cash and cash equivalents - current	-	-	-	18,530,248	-	-	-	-	-	18,530,248
Restricted cash and cash equivalents - noncurrent	-	-	-	260,005	-	-	-	-	-	260,005
Total cash and cash equivalents, end of year	\$ 3,295,923	\$ 1,635,135	\$ 161,302	\$ 18,790,752	\$ 22,468	\$ 600,160	\$ (28,339)	\$ 140	\$ 792,057	\$ 25,269,598
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$ (1,576,686)	\$ -	\$ (22,508,814)	\$ 39,147,285	\$ (607,117)	\$ (649)	\$ 94,940	\$ -	\$ 2,230,958	\$ 16,779,917
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	351,770	-	8,353,498	391,150	67,800	-	-	-	-	9,164,218
Other nonoperating revenue	-	-	2,171	5,542	-	-	-	-	-	7,713
Change in assets and liabilities:										
Receivables, net	-	-	-	259,925	124	-	(15,868)	-	(9,393)	234,788
Due from other funds	-	-	323	-	-	-	-	-	-	323
Deferred outflows related to pension	(146,420)	-	(620,054)	-	(38,690)	-	-	-	-	(805,164)
Accounts payable	(236,897)	-	218,736	-	9,661	-	(47,975)	-	9,194	(47,281)
Due to other funds	-	-	-	4,502,839	-	-	-	-	-	4,502,839
Due to employees	3,693	-	37,915	-	-	-	-	-	-	41,608
Claims liability	-	-	(446,056)	-	-	-	-	-	-	(446,056)
Landfill closure liability	-	-	433,750	-	-	-	-	-	-	433,750
OPEB obligation	-	-	212,205	-	-	-	-	-	-	212,205
Net pension liability	66,732	-	282,215	-	19,138	-	-	-	-	368,085
Accrued compensated absences	8,074	-	(28,069)	-	-	-	-	-	-	(19,995)
Deferred inflows related to pension	112,153	-	474,939	-	29,635	-	-	-	-	616,727
Net cash provided by (used in) operating activities	\$ (1,417,581)	\$ -	\$ (13,587,241)	\$ 44,306,741	\$ (519,449)	\$ (649)	\$ 31,097	\$ -	\$ 2,230,759	\$ 31,043,677
Noncash activities:										
Capital asset trade value	\$ -	\$ -	\$ 182,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,000
Asset contributed by others	55,468	-	3,753,712	-	344,136	-	-	-	-	4,153,316
Total	\$ 55,468	\$ -	\$ 3,935,712	\$ -	\$ 344,136	\$ -	\$ -	\$ -	\$ -	\$ 4,335,316

**CITY OF LAWTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

Combining Statement of Net Position – Internal Service Funds – June 30, 2015

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Group Health Insurance</u>	<u>Worker's Comp</u>	<u>Information Technology Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 166,095	\$ 70	\$ -	\$ 166,165
Total current assets	<u>166,095</u>	<u>70</u>	<u>-</u>	<u>166,165</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	-	-	33,615	33,615
Other capital assets, net	-	-	94,897	94,897
Total non-current assets	<u>-</u>	<u>-</u>	<u>128,512</u>	<u>128,512</u>
Total assets	<u>166,095</u>	<u>70</u>	<u>128,512</u>	<u>294,677</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,164	-	169,686	173,850
Due to other funds	-	70	-	70
Accrued compensated absences	-	-	24,575	24,575
Total current liabilities	<u>4,164</u>	<u>70</u>	<u>194,261</u>	<u>198,495</u>
Non-current liabilities:				
Accrued compensated absences	-	-	181,074	181,074
Claims liability	1,356,355	-	-	1,356,355
Total non-current liabilities	<u>1,356,355</u>	<u>-</u>	<u>181,074</u>	<u>1,537,429</u>
Total liabilities	<u>1,360,519</u>	<u>70</u>	<u>375,335</u>	<u>1,735,924</u>
NET POSITION (deficit)				
Net investment in capital assets	-	-	128,512	128,512
Unrestricted (deficit)	(1,194,424)	-	(375,335)	(1,569,759)
Total net position (deficit)	<u>\$ (1,194,424)</u>	<u>\$ -</u>	<u>\$ (246,823)</u>	<u>\$ (1,441,247)</u>

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Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds – Year ended June 30, 2015

	Internal Service Funds			Total
	Group Health Insurance	Worker's Comp	Information Technology Fund	
REVENUES				
Charges for services	\$ 7,644,784	\$ -	\$ 1,205,339	\$ 8,850,123
Total operating revenues	<u>7,644,784</u>	<u>-</u>	<u>1,205,339</u>	<u>8,850,123</u>
OPERATING EXPENSES				
General government and claims	8,493,436	(27,788)	-	8,465,648
Computer service operations	-	-	1,221,534	1,221,534
Depreciation expense	-	-	45,492	45,492
Total operating expenses	<u>8,493,436</u>	<u>(27,788)</u>	<u>1,267,026</u>	<u>9,732,674</u>
Operating income	<u>(848,652)</u>	<u>27,788</u>	<u>(61,687)</u>	<u>(882,551)</u>
NON-OPERATING REVENUES				
Investment income	1,783	-	-	1,783
Total non-operating revenues	<u>1,783</u>	<u>-</u>	<u>-</u>	<u>1,783</u>
Change in net position	(846,869)	27,788	(61,687)	(880,768)
Total net position (deficit) - beginning	(347,555)	(27,788)	(185,136)	(560,479)
Total net position (deficit) - ending	<u>\$ (1,194,424)</u>	<u>\$ -</u>	<u>\$ (246,823)</u>	<u>\$ (1,441,247)</u>

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Combining Cash Flow Statement – Internal Service Funds – Year ended June 30, 2015

	HEALTH INSURANCE FUND	WORKER'S COMPENSATION FUND	INFORMATION TECHNOLOGY FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,644,784	\$ -	\$ 1,205,339	\$ 8,850,123
Payments to suppliers	(126,447)	-	(109,265)	(235,712)
Payments to employees	-	-	(1,018,489)	(1,018,489)
Payments to other funds	-	(27,718)	-	(27,718)
Claims and benefits paid	(7,875,998)	27,788	-	(7,848,210)
Net Cash Provided by (used in) Operating Activities	<u>(357,661)</u>	<u>70</u>	<u>77,585</u>	<u>(280,006)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(77,585)	(77,585)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(77,585)</u>	<u>(77,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1,783	-	-	1,783
Net Cash Provided by Investing Activities	<u>1,783</u>	<u>-</u>	<u>-</u>	<u>1,783</u>
Net Increase (decrease) in Cash and Cash Equivalents	(355,878)	70	-	(355,808)
Balances - beginning of the year	521,973	-	-	521,973
Balances - end of the year	<u>\$ 166,095</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 166,165</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 166,095	\$ 70	\$ -	\$ 166,165
Total cash and cash equivalents	<u>\$ 166,095</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 166,165</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (848,652)	\$ 27,788	\$ (61,687)	\$ (882,551)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense			\$ 45,492	\$ 45,492
Change in assets and liabilities:				
Accounts payable	4,010	-	135,166	139,176
Due to other funds	-	(27,718)	-	(27,718)
Accrued compensated absences	-	-	(41,386)	(41,386)
Claims liability	486,981	-	-	486,981
Net Cash Provided by (used in) Operating Activities	<u>\$ (357,661)</u>	<u>\$ 70</u>	<u>\$ 77,585</u>	<u>\$ (280,006)</u>

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Debt Service Coverage Schedule - Year Ended June 30, 2015

		OWRB Series 2001A, 2001B, 2003A, 2003B, 2003C, 2003D, 2004A, 2005, 2006A, & 2009 Promissory Notes
GROSS REVENUE AVAILABLE:		
Charges for services (all utility revenues)	\$	43,466,871
Other resources		166,946
Investment income		112,930
Total Gross Revenue Available		43,746,747
OPERATING EXPENSES:		
Total Operating Expenses		17,689,682
Net Revenue Available for Debt Service		\$26,057,065
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System		\$6,626,968
Computed Coverage		393%
Coverage Requirement		125%